

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF	)	CASE NO.
SOUTHERN WATER & SEWER DISTRICT	)	2022-00099

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RESPONSE OF SOUTHERN WATER & SEWER DISTRICT  
TO THE COMMISSION STAFF'S SECOND REQUEST FOR  
INFORMATION DATED JULY 1, 2022

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF ) CASE NO.  
SOUTHERN WATER & SEWER DISTRICT ) 2022-00099

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**VERIFICATION OF PAULA BURKE**


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COMMONWEALTH OF KENTUCKY )  
COUNTY OF Floyd )

Paula Burke, Office Manager of Southern Water & Sewer District, states that she has supervised the preparation of certain responses to the Request for Information in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of her knowledge, information, and belief, formed after reasonable inquiry.

  
\_\_\_\_\_  
Paula Burke

The foregoing Verification was signed, acknowledged, and sworn to before me this 15<sup>th</sup> day of July 2022, by Paula Burke.

  
\_\_\_\_\_  
Commission expiration: 7/19/25  
KY NP 31186

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF ) CASE NO.  
SOUTHERN WATER & SEWER DISTRICT ) 2022-00099

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**VERIFICATION OF JEFF REED**

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COMMONWEALTH OF KENTUCKY )  
COUNTY OF Floyd )

Jeff Reed, Michael Spears CPA on behalf of Southern Water & Sewer District, states that he has supervised the preparation of certain responses to the Request for Information in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information, and belief, formed after reasonable inquiry.

Jeff Reed  
Jeff Reed

The foregoing Verification was signed, acknowledged, and sworn to before me this 15th day of July 2022, by Jeff Reed.

Pank Bunker  
Commission expiration: 5-3-25  
KYNP28421

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF ) CASE NO.  
SOUTHERN WATER & SEWER DISTRICT ) 2022-00099

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**VERIFICATION OF JEFF PRATER**


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COMMONWEALTH OF KENTUCKY )  
COUNTY OF Floyd )

Jeff Prater, Chairman of Southern Water & Sewer District, states that he has supervised the preparation of certain responses to the Request for Information in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information, and belief, formed after reasonable inquiry.

  
\_\_\_\_\_  
Jeff Prater

The foregoing Verification was signed, acknowledged, and sworn to before me this 18<sup>th</sup> day of July 2022, by Jeff Prater.

  
\_\_\_\_\_  
Commission expiration: April 5 2024

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF ) CASE NO.  
SOUTHERN WATER & SEWER DISTRICT ) 2022-00099

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**VERIFICATION OF RANDY CONLEY**

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COMMONWEALTH OF KENTUCKY )  
COUNTY OF Floyd )

Randy Conley, Manager of Southern Water & Sewer District, states that he has supervised the preparation of certain responses to the Request for Information in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information, and belief, formed after reasonable inquiry.

  
Randy Conley

The foregoing Verification was signed, acknowledged, and sworn to before me this 15<sup>th</sup> day of July 2022, by Randy Conley.

  
\_\_\_\_\_

Commission expiration: 5-3-25  
KYNP 28421

**Southern Water & Sewer District**  
**Case No. 2022-00099**  
**Commission Staff's Second Request for Information**

**Witnesses:** Paula Burke (Items 1, 2, 3.b, and 4)  
Jeff Reed (Items 3.a, 5, 6, and 9.a)  
Jeff Prater (Items 7, 8 and 9.b)  
Randy Conley (Item 10)

1. For each of Southern District's Commissioners, provide the fiscal court minutes appointing each commissioner and the amount of approved compensation.

**Response:** See file SWS2 1 – Commissioner Appointments. The Floyd County Judge has been contacted and reappointments will be added to the next Fiscal Court agenda.

2. Provide copies of the most recent training records for each current commissioner that receives a salary over \$3,600 in compliance with KRS 74.020(7)(a).

**Response:** See file SWS2 2 – Training Records

3. Refer to Southern District's response to Commission Staff's First Request for Information (Staff's First Request), Item 1a, 2021 General Ledger. Also refer to Case No. 2020-00228, First Supplemental Response of Prestonsburg City's Utilities Commission, Exhibit B, Financial Management Services Contract.<sup>2</sup>

a. Provide the revenue account where the 3 percent "Basic Charge", designated as an "Administrative Fee", is recorded for Financial Services that are provided by Southern District to Prestonsburg City's Utilities Commission (PCUC) in relation to wastewater accounts that were transferred from Southern District to PCUC.

**Response:** The collections from sewer are deposited into the general account (GL # 13103) and then periodically a report is prepared showing the sewer payments received. That amount is transferred along with some extra monies to cover the old amount due to PCUC into the PCUC Sewer Collections Account (GL # 17822). Then at the beginning of each month a check is written to PCUC for the prior month's collections less the 3% collection fee.

b. Provide the dollar amount of revenue for the Administrative Fee that was recorded for the test year.

**Response:** The total Administrative Fee for the test year was \$2,550.62.

4. Refer to Southern District's response to Staff's First Request, Item 1a, 2021 General Ledger.

a. Provide copies of invoices to support amounts charged to account 64102, Supplies – Transmission and Distribution (T&D), for each of the transactions below:

Date	Reference	Description	Amount
01/21/21	17108	LAYNE	5,000.00
01/31/21	12	CI THORNBURG - AP	9,668.00
02/16/21	17137	CITCO WATER	9,668.00
06/30/21	13	BOYD ASPHALT - AP	6,548.00
07/19/21	17382	BOYDS ASPHALT	2,635.00
07/31/21	8	BOYD ASPHALT - AP	3,913.00
08/17/21	17418	BOYD ASPHALT	2,145.00
08/31/21	15	BOYD ASPHALT - AP	1,768.00
11/30/21	10	BOYD ASPHALT - AP	1,500.00

**Response:** See file SWS2 4a – Acct 64102 Invoices

b. For each expenditure provide the following:

(1) The common project name for which the expenditure was made.

(2) Whether the expenditure is a component of a capital project. The purpose of the expenditure and a description of the product or service provided.

**Response:** The Layne invoice and partial payment was for replacing a raw water pump at the WTP; the total expense for this replacement should be amortized. The CITCO invoice is for chemicals used in operations at the WTP. The \$1,500 invoice from Boyd is for rock hammer work related to water line repair. All other Boyd invoices are for asphalt pavement replacement where line leaks were repaired.

5. Refer to Southern District's response to Staff's First Request, Item 1i, accounts receivable aging. The response did not provide the information requested. Provide an accounts receivable aging that ties to the \$1,615,848.46 balance that is reported for Water as of December 31, 2021, in the format below.

Description	Current (1 - 30)	31 - 60	61 - 90	91 +	Total
Dollars	Dollars	Dollars	Dollars	Dollars	1,615,848.46
Number of Customers	number	Number	Number	Number	Total Number

**Response:** See file SWS2 5 – Accts Receivable Aging

6. Refer to Southern District's response to Staff's First Request, Item 1k, accounts payable aging. Provide an accounts payable aging that ties to the \$178,208.70 balance that is reported as of December 31, 2021, in the format below.

Supplier	Current (1 - 30)	31 - 60	61 - 90	91 +	Total
Name	Dollars	Dollars	Dollars	Dollars	Total
Name	Dollars	Dollars	Dollars	Dollars	Total
Etc	Dollars	Dollars	Dollars	Dollars	Total
	Total	Total	Total	Total	Total

**Response:** See file SWS2 6 – AP Aging 12\_31\_21

7. Refer to the Application, Attachment 8, Outstanding Debt Instruments at 142 and Southern District’s response to Staff’s First Request, Item 3a. State whether the modification agreements included in the application and in the response were an extension of the original promissory note from November 17, 2017, or if the modification agreements were a refinancing of the indebtedness.

**Response:** On November 17th, 2017, the former Board purchased 5 trucks and financed the purchase through Citizens Bank via the original loan agreement. In October 2019, the balance was not paid in full, so a modification agreement was executed. In October 2021, although the balance had significantly decreased, a final modification agreement was required. The trucks will be completely paid for, and this debt eliminated within the term of the current modification agreement.

8. Refer to Southern District’s response to Staff’s First Request, Item 1f, 2021 Board Minutes at 34–35, October 25, 2021, board meeting. Confirm the loan being discussed in agenda item H is the Citizens Bank of Kentucky loan from the modification agreement in the Application, Attachment 8, Outstanding Debt Instruments at 142.

**Response:** Yes, the loan being discussed in Board Minutes of October 25, 2021, agenda item H is the Citizens Bank of Kentucky loan from the modification agreement in the Application, Attachment 8, Outstanding Debt Instruments at 142.

9. Refer to Southern District’s response to Staff’s First Request, Item 4, SWS1\_4-Adjustments.xls, Salaries and Wages Associated Adjustments.

a. Provide the purpose of hours exceeding 2,080 in the column designated “Pro Forma Reg. Hrs.”

**Response:** Total regular hours may include Holiday, Covid, and Personal days. The reason that the regular hours could total over 2,080 for the year is that for example, a person gets a Holiday or one of the other days during a week and then works 40 hours the rest of the week, then even though he gets paid for 48 hours for that week there is no overtime. The policy is that you must **work** over 40 hours a week to get overtime. Therefore, a person can have over 2,080 hours of regular pay in a year.

b. Provide the policy for “on call” pay.

**Response:** There is no policy for “on call” pay. Employees are only paid for hours worked when they are called out.



10. Refer to Southern District's response to Staff's First Request, Item 4, Exhibit SWS1\_4-Adjustments.xls, Water Loss.

a. Explain what type of customers constitute Other Water Sold of 1,810,000 gallons and the rate(s) in the tariff that applies to those customers.

**Response:** These are gallons adjusted off customer accounts per the District's Leak Adjustment Policy for leaks on the customer side of the meter. In 2021, customers were not charged for usage above their previous 12 month averages.

b. Explain the "other use" under Water Loss Adjustments that constitute the entry Uses of Other Water of 3,864,000 gallons.

**Response:** 20,000 gallons is the estimate of water used by a fire department while cleaning parking lots after a flood. 520,000 gallons was used for cleaning and sterilizing the new Mud Creek Clinic Tank. 20,000 gallons was used by the state highway department to clean drains. The remaining 3,304,000 gallons was also for adjustments made to customer accounts per the Leak Adjustment Policy which were inadvertently included in this category.