

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

RESPONSE OF SOUTHERN WATER & SEWER DISTRICT
TO THE COMMISSION STAFF'S THIRD REQUEST FOR
INFORMATION DATED JULY 29, 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

VERIFICATION OF PAULA BURKE


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 9th day of August 2022, by Paula Burke.



Commission expiration: 07/19/25
KYNP 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

VERIFICATION OF JEFF REED

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 9th day of August 2022, by Jeff Reed.

Paula Bunker
Commission expiration: May 3, 2025

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

VERIFICATION OF ALAN VILINES

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF WARREN)

Alan Vilines, Kentucky Rural Water Association 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.



Alan Vilines

The foregoing Verification was signed, acknowledged, and sworn to before me this 10th day of August 2022, by Alan Vilines.

Bobbie S Shanahan
Commission expiration: 7/12/2026
#KYNP 53770

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

Witnesses: Paula Burke (Items 1 and 3.c)
Jeff Reed (Items 2, 3.a, and 3.b)
Alan Vilines (Item 4)

1. Refer to Southern District's response to Commission Staff's First Request for Information (Staff's First Request), Item 1a, 2021 General Ledger.

a. Provide a copy of the contract under which Southern District bills its customers for garbage service that is recorded to general ledger account 47402, Garbage Sales Revenue. Confirm that Southern District remits the payments for billed amounts to Floyd Co Solid Waste and records them in general ledger account 60001, Solid Waste Payments.

Response: Southern Water cannot locate a contract with Floyd County Solid Waste. Southern has contacted the Floyd County Fiscal Court, and a contract has not been located. If a contract between Southern Water and Floyd County Solid Waste is found, it will be submitted to the PSC as an addendum to this request.

The procedure of collecting solid waste revenue and remitting to Floyd County Solid Waste is a decades long process.

General Ledger account 47402 records the amount of solid waste billing, and General Ledger account 60001 records the portion payable to Floyd Co. Solid Waste of collections, minus the 3% administrative fee.

b. Provide a copy of any invoice from Floyd Co Solid Waste for the payment made on December 17, 2021, for \$67,433.43. If no invoice exists, provide the information and calculations that this payment was based on.

Response: Southern does not receive an invoice from Floyd County Solid Waste. A report titled Transaction Rate Summary for trash is run for the prior month (which gives the amount of total collections). From the total collected, 3% is subtracted as Southern's fee and a check is written for the total collected minus 3%. A report showing the calculations is sent with the check to the Fiscal Court. Attached is the report with the calculations. See file SWS3 1.b – Transaction Rate Summary.

c. State whether Southern District has any legal liability to Floyd Co Solid Waste for services provided for which payment from customers has not been received.

Response: Southern has no known legal liability to Floyd County Solid waste for payments not received.

d. Describe what recourses Southern District or Floyd Co Solid Waste have (if any) for a customer's failure to pay for garbage removal services.

Response: Southern has no recourse for a customer's failure to pay for garbage removal services.

2. Refer to Southern District's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 5, Accounts Receivable Aging.

a. Explain why the reported balance of \$1,284,848.11 in the 91+ days column and described as "Old Delinquent" is not a component of Southern District's computerized receivables system and is reported as a separate item from other 91+ days receivables in the schedule.

Response: The balance of \$1,284,848.11 is not a component of the computerized receivables because when the District acquired the new software, and the accounts were being transferred to the new system there were inactive customers on the old system that were coded as z accounts. These were the customers that were gone, left balances, and they did not get transferred to the new system. Therefore, they are reported as Old Delinquent Accounts. The District is currently analyzing the collectability of those accounts to decide if they will be written off as uncollectible.

b. Provide a table that shows the distribution of the \$1,284,848.11 accounts receivable balance that separately totals water, sewer, garbage, and other.

Response: The total amount of \$1,284,848.11 is all water accounts.

c. Provide the number of active customers that are delinquent and total delinquent amount for each component of the \$1,248,848.11 balance for water, sewer, garbage, and other.

Response: None of the balances which make up the \$1,248,848.11 on the old delinquent accounts are from active customers.

d. Provide the number of inactive customers that are delinquent and total delinquent amount for each component of the \$1,248,848.11 balance for water, sewer, garbage, and other.

Response: The number of inactive customers is not available in the current billing system. All \$1,248,848.11 is for inactive customers and is water only.

e. State the amount of the \$1,248,848.11 balance that Southern District believes is uncollectible that exceeds the Provision for Uncollectible Accounts (account 14501) that reflected a balance of \$364,165.58 as of December 31, 2021.

Response: The District is currently analyzing the collectability of those accounts to decide if they will be written off as uncollectible and believes that the remaining balance of \$884,682.53 will be uncollectible.

f. Describe the current management's specific efforts to collect the Old Delinquent amounts.

Response: If the current management has knowledge that a customer requesting new service and was previously one of the old delinquent customers then they would collect the old balance prior to installing the new service.

3. Refer to Southern District's response to Staff's First Request, Item 1a, 2021 General Ledger. Additionally, refer to Case No. 2020-00228² Southern District's August 10, 2020 response to the Order of July 20, 2020 and First Amendment to Asset Purchase Agreement (First Amendment).

a. Confirm whether the balance of \$103,763.89 in general ledger account 23117, A/P – PCUC Sewer Revenue is the same liability that is referred to in the First Amendment with payment terms of \$2,500 per month.

Response: The balance of the prior balance on which the District is paying the \$2,500 per month is \$95,500.00. The amount due PCUC for the month of December 2021 is \$8,263.89. If you add the two together the District owes a total of \$103,763.89. See the attached worksheet showing calculation of balance due.

See file SWS3 3.a – PCUC Swr Worksheet.

b. If this cannot be confirmed, describe each of the accounts payable liabilities included in the general ledger account.

Response: Not applicable – see Item 3.a.

c. If confirmed, state whether Southern District believes this liability should be included as a note payable that should be part of the revenue requirement in this case.

Response: The \$2,500 monthly payment to PCUC should be a part of the revenue requirement. It was approved as part of PSC Case No. 2020-00228 and is a valid expense Southern pays each month.

4. Refer to Southern District's response to Staff's Second Request, Item 10, and the Application, Attachment 5_Current_Billing_Analysis.pdf.

a. In the response to Item 10, Southern District states that adjustments amounting to approximately 3,304,000 gallons of water were made to customer accounts per the Leak Adjustment Policy. Confirm that the adjustment for the Leak Adjustments of 3,304,000 gallons has not been made in the 5_Current_Billing_Analysis.pdf.

Response: An adjustment was not made for the Leak Adjustments.

b. If the response above can be confirmed, explain why an adjustment for Leak Adjustments was not made to the 5_Current_Billing_Analysis.pdf filed with the Application.

Response: As noted in the response to Item 10 of Staff's Second Request, those gallons were reported as "Other Water Used", not water sold.