

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
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| ALTERNATIVE RATE ADJUSTMENT FILING OF |) | CASE NO. |
| UNION COUNTY WATER DISTRICT |) | 2022-00160 |

RESPONSE OF UNION COUNTY WATER DISTRICT
TO THE COMMISSION STAFF'S THIRD REQUEST FOR
INFORMATION DATED SEPTEMBER 28, 2022

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

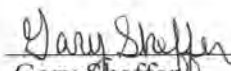
In the Matter of:

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|---|------------|
| ALTERNATIVE RATE ADJUSTMENT FILING OF) | CASE NO. |
| UNION COUNTY WATER DISTRICT) | 2022-00160 |

VERIFICATION OF GARY SHEFFER

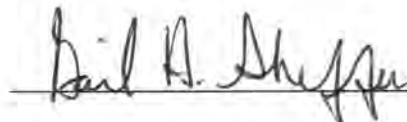
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| COMMONWEALTH OF KENTUCKY) |) | |
| COUNTY OF _____ UNION _____) |) | |

Gary Sheffer, Manager of Union County Water 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.



Gary Sheffer

The foregoing Verification was signed, acknowledged and sworn to before me this 3 day of October, 2022, by Gary Sheffer.



Commission expiration: 2-19-23

Union County Water District
Case No. 2022-00160
Commission Staff's Third Request for Information

Witness: Gary Sheffer #1-7

1. Refer to Union District's response to Commission Staff's First Request for Information (Staff's First Request), Item 2, Excel Workbook: 2_2021_Adjusted_Trial_Balance.xlsx and to Union District's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 4. Union District reported \$4,000 in Account No. 641.00 – Office Rent expense.

- a. Confirm that the \$4,000 reported in Account No. 641.00 was rent paid by Union District for the office building purchased on August 20, 2021, from the Union County Fiscal Court.

Response: Yes. The \$4,000 reported in GL account # 641.00 was rent paid by the Union County Water District to the Union County Fiscal Court for the office building purchased from the Fiscal Court on August 20, 2021. The rent payments were for January thru August 2021, in the amount of \$500 per month.

See file Q1_Ledger_Detail

- b. If Union District's response to Item 1.a. above is no, identify the building that Union District was renting and provide the purpose of the building.

Response: Not applicable.

2. Refer to Union District's response to Staff's First Request, Item 8. For Meter Reads in the test year, provide the number of meter reads that was performed by contractual labor and the number that was performed by employees of Union District.

Response: Currently, all 'Meter Reads' that are billed out as 'Meter Read Charge' are performed by employees of the Union County Water District. We do not have any contractual laborers. This charge only occurs if the customer fails to submit their reading as described in our 'Rules and Regulations'. As briefly discussed in the Second Request for Data, Question 9.b., regarding Union County Water District's policy on self-read meters, there are a couple of details I would like to circle back to for your consideration. I know all District's operate differently and I would like to better explain our situation.

I have pulled the billing cycle of 06/26/2022 thru 07/25/2022 (August 2022 Bills) for reference. During this cycle, UCWD billed usage for 2,305 water meters. The territory within our District is divided into 5 (five) sections.

Section 1 – 60 meters were read for charge.

Section 2 – 71 meters were read for charge.

Section 3 – 29 meters were read for charge.

Section 4 – 43 meters were read for charge.

Section 5 – 31 meters were read for charge.

Of the usages entered for the 2,305 meters we billed for the above stated month, only 234 customers failed to comply with our self-read policy. 90% of our customers submitted their meter readings, therefore not incurring the additional charge. Only 10% of our 2,305 customers failed to comply and incurred the 'Meter Read Charge' of \$30. The 90% majority of our customer base that complies with our policy should not be penalized for the 10% who do not. We are able to keep our rates at a very reasonable price due to this policy. Other scenarios that would remove or reduce the 'Meter Read Charge' are not feasible options for Union County Water District. Example scenarios and consequences:

- i. **Having Electronic/Auto Read Meters Installed.**
The cost to upgrade to the auto read meters would be substantial for Union County Water District. The cost for these meters would have to be passed on to the customer with increased water rates for the District to be able to recover the cost and operate sufficiently. We have over the years had customers inquire about the auto read meters and when we explain the costs associated, the customers have always agreed they prefer the self-read option rather than a bill increase.
- ii. **Removing the Meter Read Charge entirely.**
With having only 3 (three) outside operators, based on 30 days per month, and 2,305 meters, 77 meters would need to be read per day; approximately 26 per operator. This option is not attainable for Union County Water District and would have detrimental consequences. As with most rural water districts, our territory is very spread out. Union County has a radius of 62 miles, and a lot of our meters are very far apart, unlike in the cities where it is easy to park and walk from one meter to the next. The duties of our 3 (three) operators include:
 - ✓ New meter taps; including boring when necessary.
 - ✓ Installing new water line.
 - ✓ Maintaining existing water lines.
 - ✓ Maintain water tanks/towers.

- ✓ **Maintain pump stations.**
- ✓ **Complete daily work orders.**
- ✓ **Investigate customer issues and/or complaints.**
- ✓ **Leak detection.**
- ✓ **Complete 811 locates.**
- ✓ **Respond to line breaks and/or other emergencies that arise unexpectedly.**

With our current staff, it is not attainable for UCWD to read all meters on a monthly basis. UCWD operators would not be able to keep up with daily duties and offer the prompt and efficient service our customers are used to receiving. We would likely need to hire at least 2 (two) more employees as ‘Meter Readers’ if this scenario was in place. Again, passing on the expense of the additional salaries to the customer by way of rate increase. With having our self-read policy in place, the customer has the opportunity to submit their reading, keeping their monthly bill low, and not incurring the additional fee. The customer may submit their meter reading online, in the office, by mail, or leave in the dropbox. We have numerous options in place to make it easier for the customer to submit their reading any time, during or after business hours.

iii. Reducing the Meter Read Charge.

This scenario would most likely bring us back to the consequences stated under scenario ii (above). If the ramifications for not reading your meter are minimal, more and more people will stop submitting their readings, increasing the workload on our operators. We take pride in the exceptional customer service we are able to offer. We are a very fair, customer oriented District. We try to go above and beyond on all job sites and customer interactions. Supplying clean, safe drinking water is a necessity and not something we take lightly. As you will notice on our list of ‘Non-Recurring Charges’, we do not charge the customer for ‘Service Calls’, ‘Investigative Services’, or ‘Field Fees’ because it is the duty of the District to service our customers. The ‘Non-Recurring Charges’ that we do charge for are both fair to the customer and needed by the District. The items we charge for are situations where the customer has failed to comply with our ‘Rules and Regulations’ and in turn an employee has to be taken away from their regular duties to take care of these situations. The 3 (three) operators are in fact paid a salary for their duties during normal business hours, but a customer knowingly and willingly not complying with our rules and regulations is not a “normal” job duty and takes away from their daily job duties. Having the \$30 fee in place motivates our customers to adhere to our self-read policy and allows our operators to attend to their regular duties. This fee is

explained in detail to every customer when they sign up for water service, and they are also given a copy of the 'Rules and Regulations' at that time.

iv. Sub-contracting Meter Readers.

Again, added expense to the District equates to added expense to the customer by way of water rates. To reiterate, the majority of our customers do not have a problem with our self-read policy, or the fee that occurs to the select few who fail to comply. With our policy, only the customers who fail to comply incur the charge, whereas, if another method was put in place it would likely affect all customers in our District by increasing the water rates.

Note: Every meter in our system is read one time per year at no charge by Union County Water District for monitoring and compliance purposes. The sections are spaced out accordingly and read by section throughout the year due to the amount of time it takes to read all 2,300+ meters and continue daily operations.

3. Refer to Union District's response to Staff's Second Request, Item 3.b. In its response Union District explains that Sean Sheffer is a non-voting member of Union District' Board of Commissioners (Board). Provide a detailed explanation as to why Union District has a non-voting Board member.

Response: Sean Sheffer was appointed to the UCWD Board of Commissioners in 2013 as a non-voting member, by former Union County Judge Executive, Jody Jenkins, and former Union County Water District Superintendent, Dickie Berry. As stated in the Commissions Second Request for Data, question 3.b., we were unable to obtain any documentation pertaining to this appointment. It has been "understood" that Sean Sheffer was appointed to the Board for engineering consultation purposes only (as he is the Union County Planning and Zoning Commissioner); not to make any decisions pertaining to the operation of the Union County Water District.

Note: I do think it is relevant to point out that there is no familial relation between current Superintendent, Gary Sheffer, and Non-Voting Board Member, Sean Sheffer.

4. Refer to Union District's response to Staff's Second Request, Item 12. For the Meter Test Charge, provide the following:
 - a. Confirm that the Internal Revenue Service (IRS) standard mileage rate used to calculate the \$12.50 transportation charge is the \$0.625 business rate established by the IRS on June 9, 2022. If this is not the IRS standard

mileage rate used by Union District, identify the standard rate that was used in the calculation.

Response: Yes. The standard mileage rate used to compute the \$12.50 transportation cost is the \$0.625 business rate published by the IRS on June 9, 2022, effective July 1, 2022.

- b. Explain whether the field labor included is performed by contractual labor or an employee of Union District. For the test year, provide the number of occurrence the nonrecurring charge was performed by contractual labor and the number that was performed by employees of Union District.

Response: The field labor charge estimate would be for an employee of the Union County Water District. We did not bill any 'Meter Test Charges' for the test year of 2021.

- c. Explain whether the clerical labor included is performed by contractual labor or an employee of Union District. For the test year, provide the number of occurrence the nonrecurring charge was performed by contractual labor and the number that was performed by employees of Union District.

Response: The clerical labor charge would be for an employee of the Union County Water District. We did not bill any 'Meter Test Charges' for the test year of 2021.

5. Refer to Union District's response to Staff's Second Request, Item 12. For the Reconnection Charge, provide the following:

- a. Explain whether the field labor included is performed by contractual labor or an employee of Union District. For the test year, provide the number of occurrence the nonrecurring charge was performed by contractual labor and the number that was performed by employees of Union District.

Response: The field labor charge would be for an employee of the Union County Water District. All reconnections billed in the test year of 2021 were performed by an employee of Union County Water District.

- b. Explain whether the clerical labor included is performed by contractual labor or an employee of Union District. For the test year, provide the number of occurrence the nonrecurring charge was performed by contractual labor and the number that was performed by employees of Union District.

Response: The clerical labor charge would be for an employee of the Union County Water District. All reconnections billed in the test year of 2021 were performed by an employee of Union County Water District.

6. Refer to Union District's response to Staff's Second Request, Item 12. For the Returned Payment Fee, explain whether the clerical labor included is performed by contractual labor or an employee of Union District. For the test year, provide the number of occurrence the nonrecurring charge was performed by contractual labor and the number that was performed by employees of Union District.

Response: The clerical labor charge is for an employee of the Union County Water District. All Returned Payments for the test year of 2021 were taken care of "in-house" by the office staff of Union County Water District. If Returned Payments were turned over to our Union County Attorney's office the fee to the customer would total \$100. The county attorney would keep \$50 of that fee and pass on \$50 to the merchant. Not turning over Returned Payments to the county attorney's office is a savings of \$75 to the customer if we handle it within our office.

7. Explain whether the requested rate increase effective date can be date certain or should align with a billing cycle.

Response: Aligning the effective date of the requested rate increase with our billing cycle would be great. Our billing cycle goes from the 26th thru the 25th of every month; therefore making the rate increase effective on the 26th day of any given month would allow us to implement the increase on the first day of a new billing cycle.