

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

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF	)	CASE NO.
MCKINNEY WATER DISTRICT	)	2022-00400

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SUPPLEMENTAL RESPONSE OF MCKINNEY WATER DISTRICT  
TO THE COMMISSION STAFF'S SECOND REQUEST FOR  
INFORMATION DATED MARCH 2, 2023





**McKinney Water District**  
**Case No. 2022-00400**  
**Commission Staff's Second Request for Information**

**Witnesses:** Matt Rankin #2-4, #6-12  
Robert K. Miller #1, #5

1. Refer to the Application, Attachment 4, Schedule of Adjusted Operations and Attachment 5, the Billing Analysis.

a. Explain the notations on these exhibits that the billing software and the analysis is suspect.

**Response:** The consultant did not consider the billing software to be suspect for the purpose of computing bills for customers; instead, the software is considered suspect for the purpose of producing the Water Usage Analysis Report. Data from the Water Usage Analysis Report was entered into the Current Billing Analysis spreadsheet and produced an amount of water sales that was 65.7% less than the actual amount of water sales for the test year. After careful consideration, the consultant determined that the report was unusable for creating a valid Current or Proposed Billing Analysis.

b. Explain the methodology used to verify the accuracy of the proposed rates in the application.

**Response:** First, the consultant verified that the rates authorized by the existing tariff were the rates used by the billing software to compute water bills. Second, the consultant verified that a small sample of water bills produced by the billing software were computed correctly. Third, the consultant verified that the proposed rates reflect a 6.95% increase over the existing tariff rates.

c. Explain why the billing software usages are calculated in hundreds of gallons and not thousands of gallons.

**Response:** McKinney District has a long-standing practice of billing in hundreds of gallons that dates back to prior to installation of this billing software. The software provider set up the software consistent with past District practices.

d. Explain how McKinney District is assured that this billing software is charging the proper amounts to its customers.

**Response:** First, the consultant verified that the rates authorized by the existing tariff were the rates used by the billing software to compute water bills. Second, the consultant verified that a small sample of water bills produced by the billing software were computed correctly. Third, the consultant verified that the proposed rates reflect a 6.95% increase over the existing tariff rates.

e. Explain why the consultant did not produce his own billing analysis document using the data provided by the billing software.

**Response: The consultant prepared the Current Billing Analysis and Proposed Billing Analysis contained in the Alternative Rate Filing application based upon the 2021 Billing Analysis report provided by McKinney District. This was the only information that McKinney District was able to provide.**

**See file: 1f\_2021\_Billing\_Analysis**

f. Provide the usage data in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

**Response: McKinney District is unable to produce usage data in Excel format as requested. The billing analysis data provided by McKinney District is attached.**

**See file: 1f\_2021\_Billing\_Analysis**

2. Refer to the Application, Attachment 4, Schedule of Adjusted Operations.

a. Provide a detailed itemization of the revenues that are included in the Miscellaneous Revenue of \$1,800.

**Response: This revenue is from Wimax for rental of Mwd letting them put an antenna on the Ottenheim tower.**

b. Provide a detailed itemization of the revenues that are included in the Other Water Revenue of \$35,968.

<b>Response:</b>	<b>Reconnect Fees</b>	<b>\$ 8,020</b>
	<b>Penalties</b>	<b>\$ 17,344</b>
	<b>Billing/Collection Fee for BG911</b>	<b>\$ 2,943</b>
	<b>Miscellaneous</b>	<b><u>\$ 7,661</u></b>
		<b>\$ 35,968</b>

c. Provide a reconciliation of the revenues collected for the nonrecurring revenues as stated in the responses to Commission Staff's First Request for Information (Staff's First Request), Item 8, for the Meter Reconnect, Paycall Revenue, and Returned Check Revenue.

**Response: RFI #1 Item 8**

<b>Meter Reconnect</b>	<b>\$ 7,420.00</b>
<b>Paycall Revenue</b>	<b>\$ 20.00</b>
<b>Returned Check Revenue</b>	<b>\$ 180.00</b>
<b>Other</b>	<b><u>\$ 380.00</u></b>
<b>Total Reconnect Fees</b>	<b>\$ 8,020.00</b>

d. Explain the Paycall Revenue. Include in the response an explanation as to why it is not included in the Tariff on file at the Commission and an explanation as to why there was no cost justification included in the Staff's First Request, Item 8.

**Response: A Paycall is charged on occasions when it is cut-off day and the utility worker goes to the service address to turn off the service and the customer requests that the service not be turned off because they are going to call and pay or are leaving now to go pay. The utility does not turn the service off and does not charge the full amount of the delinquent service charge; instead, they charge \$10.00 to recover the cost of rolling the truck. This practice has been in place for more than twenty years. McKinney District acknowledges that this should have been specifically listed in the tariff and that a cost justification should have been included with the response to Staff's First Request. A new cost justification sheet has been prepared.**

**See file: 2d\_Paycall\_Service\_Charge**

3. Refer to the Application, Attachment 4, Schedule of Adjusted Operations and the Staff's First Request, Item 7. Provide a reconciliation of the Late Fees (Forfeited Discounts) of \$22,050 stated in the Schedule of Adjusted Operations and the amounts stated in the response to the Staff's First Request, Item 7.

**Response: The amount of Forfeited Discounts reported on the Schedule of Adjusted Operations was incorrect, the entry on the Schedule of Adjusted Operations of \$22,050 was actually Tapping Fees Collected. Forfeited Discounts of \$17,354 were included in Other Water Revenues of \$35,968. The rate model has been corrected.**

**See file: 3\_Rate\_Study**

4. Refer to Response to Commission Staff's First Request for Information, Item 2.b. and the Supplemental Response to Staff's First Request for Information, Item 2.b. Provide the following information:

a. Fiscal Court minutes approving each Commissioner's individual compensation;

**Response: Lincoln County Fiscal Court did not respond to request from McKinney District for Fiscal Court minutes approving each Commissioner's individual compensation.**

b. The approval for any meeting compensation, individually or as a group, in any form for the Commissioners by the Fiscal Court;

**Response: Lincoln County Fiscal Court did not respond to request from McKinney District for Fiscal Court minutes approving any meeting compensation, individually or as a group, in any form.**

c. Minutes from the Commissioner meetings approving meeting compensation; and

**Response: A review of the Minutes from the McKinney District board meetings showed no record of discussions approving meeting compensation.**

d. The minutes for each Fiscal Court meeting for each Commissioner appointed by the fiscal court in the years 2019, 2020, and 2021.

**Response: On March 27, 2023, Lincoln County Fiscal Court provided scanned copies of their minutes where Mike Courier was appointed on December 17, 2019 and Joe Schuler was appointed on December 21, 2021.**

**See file: 4d\_Fiscal\_Court\_Minutes**

5. Refer to the nonrecurring cost justification sheets. Explain how the mileage calculation was derived including the reimbursement number of \$0.625 for each nonrecurring cost that accounts for mileage.

**Response: The mileage estimate of 16 miles for the Returned Check Charge was for a round trip to McKinney District's bank. The mileage estimate of 36 miles for the Meter Re-read Charge, Service Reconnection Charge, Delinquent Service Charge, and Service Investigation Charge was for a round trip to the average customer address. The reimbursement amount of \$0.625 per mile was based on the allowed IRS reimbursement rate at the time; since then, the allow IRS reimbursement rate has increased to \$0.655 per mile currently in effect.**

6. Provide the monthly water loss reports for October 2022 through January 2023.

**Response: See file 6\_Water\_Loss\_Reports**

7. Describe the plan of action McKinney District took to address Winter Storm Elliott in December 2022, prior to the storm hitting the region.

**Response: McKinney District was aware that an apparent leak of 15-18 gallons per minute was occurring within their system near a creek crossing and attempted to locate the leak for repairs; however, the storm arrived prior to locating and repairing the leak. McKinney District also ensured that elevated storage tanks were full going into the storm event in case electricity lost.**

8. Describe the effects the Winter Storm Elliott had on the district and any service disruptions including low pressure, or water outages.

**Response: During December 24-26, City of Stanford called regularly to ask if McKinney District was pumping to feed their elevated storage tanks. McKinney District was experiencing higher than normal demand due to customers dripping their faucets to prevent service lines from freezing.**

**At the request of City of Stanford, McKinney District turned off a pump from Stanford and turned on a pump from City of Eubank to feed from the other side of the system. McKinney District continued to drive along roads in their system to look for evidence of leaks from water main breaks or burst water meters, but did not find any.**

**At 8:15 PM on Monday, December 26, 2022, City of Stanford notified McKinney District that the water supply would be turned off at 9 PM. McKinney District contacted Kentucky Division of Water to determine if this was permissible. KDOW stated that City of Stanford may cut off the supply to McKinney District if the District had known leaks and was not repairing them. McKinney District explained that it did not have known leaks that would be substantial enough to drain the City of Stanford system.**

**City of Stanford turned on one meter feeding McKinney District at 9:30 AM on Tuesday, December 27, 2022 for one hour. This was not adequate time to repressurize the system and to find leaks. City of Stanford turned the water supply off again. After 24 hours without feeding McKinney District, City of Stanford could not keep water in its own tanks, confirming that demand from within City of Stanford was overwhelming their plant's ability to produce water and that McKinney District was not the cause of the problem.**

9. Describe any efforts taken to communicate with customers regarding reduction or loss of service related to Winter Storm Elliott. Additionally describe any efforts taken to communicate with local, state or federal officials.

**Response: McKinney District was in regular contact with City of Stanford throughout the event. McKinney District was also in regular contact with the Lincoln County Judge Executive, the Kentucky Division of Water, and a circuit rider from the Kentucky Rural Water Association. McKinney District updated its Facebook frequently with notifications on which areas were being repressurized as supply meters were turned back on. McKinney District staff took calls from customers throughout the event.**

10. Describe any efforts of the utility to address issues related to Winter Storm Elliott, other than water loss.

**Response: The only issue related to Winter Storm Elliott that McKinney District faced was water loss from City of Stanford.**

11. Describe the actions McKinney District took to restore the utility to fullservice during the weather event and within the two-week period after Winter Storm Elliott, including but not limited to, asking for assistance from other agencies.

**Response: McKinney District was able to restore the pressure within their system once service was restored from City of Stanford. McKinney had utilized the supply feed from City of Eubank, but that was not adequate to make up for the loss of service from City of Stanford.**

**McKinney District discussed the issue with the Lincoln County Judge Executive but did not require resources other than a restored supply from City of Stanford. McKinney District also was in communication with the circuit rider from the Kentucky Rural Water Association on strategies from managing the system during the winter storm event.**

**McKinney District believes that the cause of the problem was that the City of Stanford water treatment plant is not large enough to provide an adequate feed during a winter freeze event to supply McKinney District while customers are dripping their faucets when at the same time City of Stanford had water used for firefighting, burst water sprinkler systems, and leaking fire hydrants. McKinney District believes that City of Stanford misrepresented the problem as caused by the District, when the City was unable to keep up with their own demand while the supply to the District was turned off.**

12. Provide any training documentation for any training approved by the Commission for Mike Reed and Bob Hasty since their appointment to the Board of Commissioners for the utility.

**Response: McKinney District has no training documentation for Mike Reed or Bob Hasty. It was their understanding that these Commissioners were “grandfathered” in for no additional required training.**