

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

In the Matter of:

ALTERNATIVE RATE ADJUSTMENT FILING OF	)	CASE NO.
SOUTHERN WATER & SEWER DISTRICT	)	2024-00251

---

RESPONSE OF SOUTHERN WATER & SEWER DISTRICT  
TO THE COMMISSION STAFF'S THIRD REQUEST FOR  
INFORMATION DATED APRIL 23, 2025

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

In the Matter of:

ELECTRONIC APPLICATION OF SOUTHERN	)	CASE NO.
WATER AND SEWER DISTRICT FOR A RATE	)	2024-00251
ADJUSTMENT PURSUANT 807 KAR 5:076	)	

---

**VERIFICATION OF RANDY CONLEY**

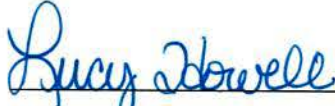
---

COMMONWEALTH OF KENTUCKY    )  
  )  
COUNTY OF   FLOYD                    )

Randy Conley, General Manager of Southern Water and 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   7   day of May, 2025, by Randy Conley.

   KYNP 1263    
Commission expiration:   8-5-28  



**Southern Water & Sewer District**  
**Case No. 2024-00251**  
**Commission Staff's Third Request for Information**

**Witness:** Randy Conley

1. Refer to Southern District's supplemental response to Commission Staff's Second Request for Information (Staff's Second Request) filed on April 8, 2025 (Supplemental Response to Staff's Second Request), 1b\_KLC\_Health\_and\_Life\_2023-2024.pdf. Define references to ESP, EMP, and ECH listed in the tier column. If other tier abbreviations exist that are not listed on the invoice, define those also.

**Response: ESP= Employee and Spouse**  
**EMP= Employee Only**  
**ECH= Employee and Child or Children**  
**FAM= Employee and Spouse and Child or Children**

2. Provide copies of the following invoices:
  - a. Kentucky Local Government Health Trust premium detail for last invoice recorded in December 2024.

**Response: See file      2a\_KLG\_Health\_Trust\_2024**

- b. Kentucky Local Government Health Trust premium detail for last invoice recorded in 2025.

**Response: See file      2b\_KLG\_Health\_Trust\_2025**

- c. Invoice for 2025 dental coverage.

**Response: See file      2c\_Dental\_and\_Vision\_2025**

- d. Invoice for 2025 vision coverage.

**Response: See file      2c\_Dental\_and\_Vision\_2025**

- e. Invoice for 2025 for Piopac.

**Response: See file 2e\_Piopac\_2025**

3. Refer to Southern District's response to Staff's Second Request filed on April 1, 2025 (Response to Staff's Second Request), Item 1a, which discussed benefits. Southern District's response on unnumbered page 3 of 14 states in part "Southern District pays 100% for medical, life, dental, and vision insurance for each employee through Anthem." The response is not clear whether the employer contribution is 100% for the single employee coverage tier only or whether contribution is also 100% for other coverage tiers. State the medical premium contribution the employees are required to contribute for each coverage and coverage tier offered other than for the employee only.

**Response: Employees are required to pay a portion for medical insurance:**

<b>ESP= Employee and Spouse</b>	<b>\$50 biweekly</b>
<b>EMP= Employee Only</b>	<b>\$25 biweekly</b>
<b>ECH= Employee and Child or Children</b>	<b>\$50 biweekly</b>
<b>FAM= Employee and Spouse and Child or Children</b>	<b>\$75 biweekly</b>

**Southern District pays the full remainder for medical insurance.**

4. Refer to Southern District's Amended response to Commission Staff's First Request for Information filed on March 4, 2025 (Amended Response to First Request), 4\_Employee\_Earnings\_2023.xlsx. Identify and describe all benefits and products that are encompassed in the description "Medical Insurance" the reflects a year-to-date withholding amount of \$11,575 for all employees.

**Response: The year to date withholding of \$11,575 is the employee's contribution for Health, Dental, Vision, and Life Insurance.**

5. Refer to Southern District's response to Staff's First Request, 10\_Board\_Minutes\_2023.pdf at unnumbered page 26 of 30, Item "E." Also refer to Southern District's response to Staff's Second Request, Item #9b. Item E states "Motion to give all employees that have been here for 12 months a safety performance bonus of \$300 each and the employees that have been here for less than a year \$150 each was made by Mr. Dawson, seconded by Mr. Roberts, all in favor." In Item #9b Southern District's response states:

*"Whether to issue and the amount of safety performance bonuses are made by the board near the each of each calendar year. Said bonuses are based upon both individual performance of each employee as documented in a yearly performance reviews. Many factors are considered in determining the amount of these bonuses*

*including; years of service at Southern, any training/certifications earned recently, attendance, attitude, and overall job performance.”*

While Southern District’s response does refer to years of service, the response also notes several other factors. Explain the discrepancy between the bonus eligibility criteria described in Southern District’s Item #9b response as compared to the board minutes indicating the bonuses were to be based solely on years of service.

**Response: This was discussed at the board meeting in detail and was inappropriately condensed in the board meeting minutes. The response to Item #9b correctly reflects the District’s policy and practice.**

6. Refer to Southern District’s response to Staff’s Second Request, Item 7. Also refer to Southern District’s Amended response to Staff’s First Request, 4\_Employee\_Earnings\_2023.xlsx. Southern District stated “The reason that there are only two commissioners on the general ledger account for payroll is that those two wanted to have income taxes withheld from their checks. The other three commissioners did not want taxes withheld from their check, so their checks were in the Commissioner’s fee account.”
  - a. Confirm that matching payments for FICA – Social Security and FICA – Medicare were made by Southern District for commissioner pay that was reported as wages.

**Response: The matching payments for FICA- Social Security and FICA- Medicare were made by Southern Water District for the two commissioners that requested that taxes be withheld from their checks was made as evidenced by the attached w2s of those commissioners.**

**See file 6a\_Commissioners\_W2s**

- b. State whether matching payments for FICA – Social Security and FICA – Medicare were made by Southern District for commissioner pay that was not reported as wages.

**Response: There were no matching payments for FICA- Social Security and FICA Medicare the other commissioners who requested that no taxes be withheld from their checks as evidenced by the attached Form 1099s for the test year.**

**See file 6b\_Commissioners\_1099s**

7. Refer to Southern District’s response to Staff’s Second Request, 9\_Water\_Purchases\_Corrected.xlsx, a portion of which is shown in the chart below.

Refer also to the chart below, portions of which Commission Staff added the per thousand-gallon column and totals for reference.

- a. Explain why the December quantity differs significantly from other months. If the quantity is determined to be incorrect, submit a revised file.

Month	Gallons	Amount	Per 1,000 Gal
January	14,577,000	\$32,944.02	\$2.26
February	13,487,000	\$30,480.62	\$2.26
March	16,653,000	\$37,635.78	\$2.26
April	13,586,000	\$30,704.36	\$2.26
May	14,628,000	\$33,059.28	\$2.26
June	10,708,000	\$24,200.08	\$2.26
July	11,919,000	\$26,936.94	\$2.26
August	13,950,000	\$31,527.00	\$2.26
September	13,940,000	\$31,504.40	\$2.26
October	11,103,000	\$25,092.78	\$2.26
November	12,544,000	\$28,349.44	\$2.26
December	20,605,846	\$26,742.58	\$1.30
Total	167,700,846	\$359,177.28	

**Response: The gallons amount was wrong on the original response; it should have been 11,833,000 gallons. The dollar amount was correct as \$26,742.58.**

- b. Explain why the average cost per thousand gallons for each month except December is \$2.26 while December is \$1.30 per thousand gallons.

**Response: With the correction noted in the response to Question 7a above, the average cost per thousand gallons for December was \$6,742.58 / 11,833 = \$2.26.**

8. Refer to Southern District’s response to Staff’s First Request, 15\_Depreciation\_Schedule\_2023.pdf. Provide the same schedule for 2024.

**Response: See file 8\_Depreciation\_2024**

9. Refer to Southern District's response to Staff's First Request, 16\_Depreciation.xlsx. Also refer to Southern District's Amended response to Staff's First Request, S\_1a\_General\_Ledger\_2024.xls (2024 General Ledger), Account 16201 "Construction in Progress". The depreciation spreadsheet reflects several assets' capitalized and "placed in service" amount totaling \$155,261.10 as shown below.

Asset Number	Date Acquired	Asset Description 1	Funding Source	Convention	Cost
453	1/8/2024	TRAILER - PJ TRAILER	EKSAFE	Half-Year	8,300.00
452	1/18/2024	VEH REPAIRS - TRANSMISSION	GENERAL	Half-Year	4,754.84
449	2/20/2024	CHEVY TRUCK	EKSAFE	Half-Year	28,500.00
451	2/21/2024	TABLETS PC	GENERAL	Half-Year	4,444.86
450	3/15/2024	HYDRANTS 2	GENERAL	Half-Year	9,266.94
445	4/16/2024	EASEMENT - S RAY SLONE	GENERAL	Half-Year	907.07
446	4/16/2024	EASEMENT - VERNON K SLONE	GENERAL	Half-Year	720.88
443	6/30/2024	METERS RG3	GENERAL	Half-Year	13,638.89
444	7/2/2024	PUMP STATION	EKSAFE	Half-Year	75,617.62
447	12/5/2024	PUMP (DYNA PUMP)	GENERAL	Half-Year	5,860.00
448	12/12/2024	FENCING	GENERAL	Half-Year	3,250.00
		Total For year ended 12-31-24			<b>155,261.10</b>

The 2024 General Ledger reflects December 31, 2024 journal entries that total \$1,736,440.45 to reclassify construction in progress as shown below.

Date	ReferenceDescription	Current Amount
12/31/24	23TO RECLASS ASPHALT	(3,875.00)
12/31/24	24TO RECLASS CIP	(192,640.00)
12/31/24	24TO RECLASS CIP	(1,463,413.90)
12/31/24	24TO RECLASS CIP	(80,386.55)
	Total	<u>(1,736,440.45)</u>

- a. Explain why the amounts transferred out of construction in progress in the general ledger differ by \$1,581,179 from the amount in indicated in the depreciation schedule and are not included in the depreciation spreadsheet.

**Response:** The assets added during the year totaling \$155,261.10 were not posted in the construction in progress account originally and therefore, they weren't included in the entries to re class construction in progress in the amount of \$1,736,440.45. Those assets were originally posted to G/L Account# 16101.

- b. Provide the details of the difference including asset number, description, cost, date placed in service, and NARUC depreciation life.

**Response:**

Description	Date	Asset#	Amount
Wayland to Lackey Lines	04/01/24	455	\$1,463,413.90
2024 Fema Lines	07/03/24	454	\$ 192,640.00

<b>2024 Media Change</b>	<b>06/19/24</b>	<b>456</b>	<b>\$ 80,386.55</b>
<b>Boyd Asphalt reclassified to Supplies Acct. #64102</b>			<b><u>\$ 3,875.00</u></b>
<b>Total</b>			<b>\$1,736,440.45</b>

10. Refer to Southern District's current tariff on file with the Commission. Specifically refer to item J, Customer Relations, 2 Partial Payment Plans on Original Sheet No. 19 with an effective date of September 13, 2002.

- a. State how many customers are making partial payments under a formally documented agreement plan and provide the total balance owed for this group as of December 31, 2024, or the most recent month end date available.

**Response: We currently have 53 customers paying partial payments under formally documented agreements. The balance owed as of May 2, 2025 is \$12,835.18.**

- b. State how many customers are making partial payments that are **not** under a formally documented agreement plan and provide the total balance owed for this group as of December 31, 2024, or the most recent month end date available.

**Response: There are no customers making payments that are not under a formally documented agreement plan.**

11. Describe Southern District's policy for how partial payments are allocated to a customer receivable if a customer is billed for more than just water service (i.e. sewer, garbage, other items). Confirm that customers do not have discretion over how a partial payment is allocated to the components of the balance owed. If not confirmed, explain how the allocation process works.

**Response: Partial payments are allocated to a customer receivable in this order:**

- #1 Sewer**
- #2 Trash**
- #3 Water**

**Customers do not have discretion over how a partial payment is allocated to the components of the balance owed.**



12. Refer to Southern District's response to Staff's Second Request, Item 13b which relates to late fees and the number of occurrences. Southern District reported total late fees of \$89,035.35 for 3,401 occurrences. Commission Staff calculated an average fee per occurrence of \$26.18 based on Southern District's response. Southern District stated that its calculated late fee for the average residential customer is \$5.46. Commission Staff calculates that, based on 3,401 occurrences and Southern District's average penalty of \$5.46, total late fees should have been in the range of \$18,569. A summary of these amounts is shown in the table below. Explain why the Average Per Occurrence (C) of \$26.18 is 48 percent (H) of Southern District's calculated average bill (G).

Description	Reference	Amount
Reported Late Fees	A	\$ 89,035.35
Reported Occurrences	B	3,401
Average Late Fee Per Occurrence	C = A / B	\$ 26.18
Calculated Average Late Fee	D	\$ 5.46
Commission Staff Calculated Late Fees Based on Average Fee	E = B x D	\$ 18,569.46
Calculated vs. Reported Late Fees	F = E - A	\$ (70,465.89)
Southern District's Calculated Average Bill	G	\$ 54.55
Average Late Fee Per Occurrence as Percent of Southern District's Calculated Average Bill	H = C / G	48.0%

**Response:** Southern District acknowledges that the Average Late Fee Per Occurrence appears to be relatively high compared to the Calculated Average Bill. Southern District provided the information to Staff's Second Request Item 13b based upon this report from the billing system:

See file **12\_Penalty\_Report**

13. Refer to Southern District's response to Staff's Second Request, Item 13c, which relates to a Disconnect Charge. Southern District stated the Disconnect Charge is a new charge but also stated, in Staff's First Request, Item 26, that there were 294 occurrences of this charge during the test year. Explain the discrepancy between these two statements. Include in this response the following information: when this charge was first implemented and the approved tariff or case number and specific cite to the Commission Order approving the charge.

**Response:** The first Disconnection charge was October 4, 2022, so the statement in response to Staff's Second Request Item 13c should have been

**that it was a relatively new charge.**

**There is no tariff or case number where the Commission approved the charge.**

14. Refer to Southern District's response to Staff's Second Request, Items 10a and 10b which references water sold statistics.

- a. Describe the review and reconciliation process that Southern District utilizes to ensure that amounts reported are both accurate and consistent between the Annual Report and other case filings with the Commission.

**Response: Information is gathered from the MOR that is turned in to the Division of water each month, information is gathered from the billing clerk, and from the master meter readings.**

- b. Identify the employee position, and the personnel assigned to that position, responsible for preparing water statistics for each required filing.

**Response: Randy Conley the General Manager is responsible for preparing the water statistics for each required filing. The information is gathered from Westley Little, Plant Manager, and Pat Potter Billing clerk.**

- c. Identify the employee position and the personnel assigned to that position, responsible for reviewing and approving water statistics for each required filing.

**Response: Randy Conley the General Manager is the person who is responsible for the water statistics.**

15. Refer to Southern District's response to Staff's Second Request, Item 12.

- a. Provide documentation from the Floyd County Fiscal Court, other than the check, that explains the purpose of the funds.

**Response: See file 15\_Fiscal\_Court\_Resolution**

- b. Provide documentation from the Floyd County Fiscal Court that establishes that the funds are not required to be repaid.

**Response: See file 15\_Fiscal\_Court\_Resolution**

16. Refer to Southern District's response to Staff's First Request for Information, 10\_Board\_Minutes\_2023.pdf (2023 Board Minutes) and 10\_Board\_Minutes\_2024.pdf (2024 Board Minutes). The 2023 Board Minutes refers to a line of credit on unnumbered pages 2, 5, and 26 of 30. The 2024 Board Minutes refers to a line of credit on unnumbered page 4 of 36.

- a. Provide a copy of the executed line of credit documents that appear to be with Peoples Bancorp referred to in the 2023 Board Minutes and the 2024 Board Minutes.

**Response: See file 16a\_Line\_of\_Credit**

- b. State the purpose of the line of credit.

**Response: The purpose of the line of credit was for operating expenses and to help with expenses during potential severe weather events.**

- c. State whether a balance existed on December 31, 2023; on December 31, 2024; and on March 31, 2025, and if so, provide the general ledger account number where loan activity is reported.

**Response: The line of credit was opened in May of 2023 and balance was paid off in December 2023.**

**As of December 31, 2023 the balance was \$0.**

**As of December 31, 2024 the balance was \$0.**

**As of March 31 2025 the balance was \$0.**

**The general ledger account number where loan activity is reported is 23218.**

- d. State whether any funds have been drawn against the line of credit and subsequently repaid.

**Response: There have been no funds drawn against the line of credit since 2023.**

17. Refer to Southern District's Amended response to Staff's First Request, 14\_Audit\_2023.pdf (2023 Audited Financial Statements). Also refer to 2023 General Ledger, account number 17832, Peoples Bank – EKSAFE, and account number 27101, N/P - EKSAFE. Also refer to 2023 Board Minutes (Nov 28, Item D).

- a. The November 28, 2023 Board Minutes at unnumbered page 26 of 30 refers to "...a copy of the agreement concerning the EKSAFE funds that were received...". Provide a copy of the executed loan documents for the EKSAFE.

**Response: See attached highlighted section of 17\_EKSAFE\_Contract. Although the attached EKSAFE loan documentation refers to twenty million dollars, Southern only actually received 1.5 million dollars from this EKSAFE fund. Southern Water was determined to be eligible for EKSAFE funds in the amount not to exceed 20 million dollars.**

- b. Provide a copy of the 2023 Board minutes that authorize execution of the loan.

**Response: The 2023 Board minutes do not contain authorization of the loan.**

- c. The 2023 Board Minutes state that there is a 20 year payback.

**Response: See attached highlighted section of the Contract. Although the EKSAFE monies were designated as a loan, Southern anticipates that this money will be converted into a grant which Southern will not be required to repay. This agreement reflects the understanding that as long as Southern utilizes these funds reasonably for disaster and recovery related relief or to provide Southern with fiscal liquidity that said funds will not need to be repaid and will be treated as a grant.**

- d. Designate in the executed documents the timeline to repay the loan. Designate in the loan documents where the repayment timeline is established.

**Response: The executed documents do not contain the timeline to repay the loan.**

- e. The 2023 Board Minutes state that the loan will be converted to a grant. Designate the provisions in the loan documents the language that establishes conversion of the loan to a grant.

**Response: See response to Question #17c above.**

- f. Provide a list of amounts disbursed from the loan proceeds during 2023 and designate whether each amount was for capital expenditures or operating expenses that are included in the 2023 test year. If expenses incurred during 2023 were reimbursed, state the category of the expense and why the amounts should not be

removed as a pro forma adjustment in the Schedule of Adjusted Operations.

**Response: Disbursements in 2023**

12/6/23	Harland Clark	order checks for account	\$95.04
12/8/23	Peoples Bank	Loan Payoff	\$82,471.83
12/7/23	Microcomm	Telemetry	\$9,398.00
12/7/23	Citco Water	Chemicals for the plant	\$63,362.91
12/7/23	City of Pikeville	Water purchased	\$106,374.28
12/7/23	Boyd Asphalt	property maintenance from leak repairs	\$14,500.00
12/27/23	Meade Tractor	equipment purchased	\$128,890.00

- g. State the amount of loan proceeds, if any, that will be repaid with funds that are pending receipt from the Federal Emergency Management Agency (FEMA).

**Response: See response to Question #17c above.**

18. Refer to Southern District's response to Staff's Second Request, 2\_Board\_Minutes\_2025.pdf.

- a. The January 27, 2025 minutes, Item G at unnumbered 2 of 8 states "The bank balance was presented by Lucy Howell. After discussion of accounts payable the decision was made to move \$50,000.00 from the EK Safe account and move to the general account to help with accounts payable." Describe in detail whether the use of the funds was to pay for expenditures that were in response to the 2022 FEMA events or mitigate liquidity issues that are unrelated to the 2022 FEMA events.

**Response: Southern feels as though all of these expenditures can be related back to the 2022 flooding event. Pursuant to the EKSAFE loan agreement/Contract, EKSAFE funds may be used to address strained fiscal liquidity claims as a result of the July 2022 severe storms, flooding, landslides, and mudslides or the recovery therefrom.**

**The 2022 FEMA event as well as several other subsequent severe weather events have damaged much of our infrastructure, equipment and required Southern to use additional chemicals to treat the muddy water. Immediately after the flooding, Southern used its operating account to stop the bleeding and to continue operating their badly damaged treatment and distribution system. Subsequent to the 2022 Flood, Southern has identified several expenses that were incurred in the aftermath of the 2022 flooding and paid out of the operating account including additional chemicals to treat the muddy water, over-time for employees, lost water, leaks caused by the flooding / landslides and damage to infrastructure and equipment. Southern has**

**reimbursed their operating account from the EKSAFE account to pay for these damages resulting from the 2022 flood event.**

**Southern is still attempting to financial recover from the 2022 FEMA event and is still not in as good of financial position as it was prior to the 2022 flood.**

- b. The February 24, 2025 minutes, Item G at unnumbered 2 of 8 states “The bank balances and outstanding bills were presented by Lucy Howell, after discussion the decision was made to move \$67,000.00 from the EKsafe account into the general account.” Describe in detail whether the use of the funds was to pay for expenditures that were in response to the 2022 FEMA events or mitigate liquidity issues that are unrelated to the 2022 FEMA events.

**Response: See response to Question #18a above.**

- c. The March 24, 2025 minutes, Item G at unnumbered 2 of 8 states “The bank balances and outstanding bills were presented by Lucy Howell. After discussion and all questions answered, the decision was made to transfer \$70,000 from the EK Safe money to help pay for extra expenses for supplies during the recent flooding.” Describe in detail the extent to which funds were used to pay for the mid-February 2025 flooding versus to mitigate liquidity issues that are unrelated to the 2022 FEMA events or the mid-February 2025 flooding.

**Response: See response to Question #18a above.**

19. Refer to Southern Water District’s Supplemental response to Staff’s Second Request, Item 3, 3\_Fiscal\_Court\_Minutes.pdf. Although Southern Water District provided the Fiscal Court minutes detailing the appointment of the members of the Board, it did not provide any fiscal court minutes showing authorization for the board members to receive any compensation. Provide the Fiscal Court minutes showing authorization for compensation for board members.

**Response: There are no fiscal court minutes showing authorization for the board members to receive compensation. That was done here by Former Management.**

**See file            19\_Commissioner\_Compensation**

20. Refer to the proposed rates in Southern District’s Remediated ARF Application, Attachment 3. Southern District requested a monthly water loss reduction surcharge of \$6.83.

- a. Provide the proposed time period for the surcharge to be billed and the total amount to be collected via the surcharge.

**Response: The surcharge proposed is \$6.83 per customer. A surcharge of \$6.83 charged to 5,391 customers would generate \$36,820.53 per month or \$441,846.36 per year. The proposed time is 5 years which would generate \$2,209,231.80 in total.**

- b. Provide a list of projects that Southern District anticipates funding with the surcharge. Designate whether each project is considered a capital expenditure or an operating expense and provide the estimated number of percentage points that water loss is expected to be reduced by each project.

**Response:**

**Proposed Program**

**We propose adding a third crew to the district's employees, consisting of a two-man crew, one operator, and one laborer. These two employees will work on nothing but water-loss reduction. First, they will relay certain area service lines entirely. We have at least two service line leaks per day that are found or reported. Some of the areas have all been put in service at the same time as the project was completed. The lines and materials have reached the threshold of their lifespan and need to be replaced. In these problem areas, we will go in and replace all service lines. Put an end to the leak repairs and just replace them entirely. Next, this crew can also relay some smaller main lines and extensions that have reached the end of their lifespan. Also, the crew can install more zone meters to narrow down areas to make leak detection easier. Then they can also take out leak detection equipment and pinpoint leaks.**

**Proposed Equipment Needed:**

• Service Truck	90,000.00
• Equipment Trailer	10,000.00
• Mini Excavator	70,000.00
• 2.5" Bore Machine (mole)	10,000.00
• Pull Behind Air Compressor	30,000.00
• Flow Meter	15,000.00
• Grice Tool	1,000.00
• Tapping Tool	3,000.00
• Battery Tool Kit	<u>1,000.00</u>
• Estimated Equipment total:	<b>\$230,000.00</b>

## **Proposed Projects:**

- **Wayland to Lackey:** The recent project that was just finished was cut down due to budget issues, leaving out all the service lines in that area. Now we have new main lines, but the rest of the system is old and neglected and is a sprinkler system attached to all the new main lines.
- **Wayland Bottom:** It was also cut from the Wayland to Lackey Project and is all 2" galvanized line, which is providing service way past the line's lifespan.
- **Smokey Branch:** Relay the entire hollow. The current line does not even appear to be a water line. It is a very thin wall pipe and has leaks daily and is replaced with all the service lines.
- **Big Branch:** The line is thin eggshell line causes us leaks daily. It will require an estimated 2 miles of 3 and 4-inch line with approximately 40 customers.
- **Toler:** Needs to be replaced in its entirety. But if we can replace about 1 mile of line around the mouth of the Fork, we could reduce a lot of water loss. It has a section at the mouth of Toler that is in a swamp, and we have tested and pinpointed leaks in this area, but the land is a marsh, and we have sunk excavators in the area. We need to relay at least the first mile of the 6" Main line and replace all the services.
- **Left Fork of Toler:** Replace the first 1.3 miles of the 3" main line up to the station, and all services.
- **Tinker Fork from Bear Branch to Smokey Branch:** Relay approximately 1 mile of 3" main line and replace all services off the main. The line was improperly installed and not deep and was placed in some areas along the creek bank. The current line is also of poor quality and way past its life expectancy.
- **Muddy Gut:** Re-lay the entire hollow. Roughly 1 mile of 4" line. Originally, the station was a pneumatic station, which we have now changed over to a VFD. With it originally being a pneumatic station, it was constantly having leaks due to the way a pneumatic station operates under pressure. The station would kick on and off continuously and have had repairs on about every coupling.
- **Hen Pen:** Same situation as Muddy Gut. It was also a pneumatic station and designed and set up to the extremes of its capabilities and has repairs every 20 feet on the main line. So, need to relay 1.5 miles of 4" PVC and



replace all the services.

- **Rt 80 around Red Ison Hollow: Re-tap all the houses that were supposed to be tapped on the new line that was installed in the 1980s. Half the customers are tapped on the new line, and several were left on the old line that was supposed to be taken out of service.**
- **Fisher Hollow BPS: Need to dig up the old station that was replaced with a new station years ago and sever the old station from the water line and remove.**
- **Cherokee Hollow BPS: Old station that is no longer needed. It was not in service when I came to the district in 2019, but still connected.**

**The Projects are endless due to the past management. It will take several years to straighten all these mishaps from the past. There are several areas we know that has thefts and the only way we can see all of them is to relay sections of line. We have more projects than can be completed in 10 years with two crews.**

21. Refer to Southern District's Additional Amended Response to Staff's First Request, 16c\_Capital\_Projects.xlsx.
- a. Describe each project in detail. For projects that refer to Ky Rt 979 and KY Rt 680, provide the number of feet expected to be installed, whether the project is for new service or to replace existing lines, and, if replacement, provide the type of material that is being replaced and the approximate age of the lines.

**Response: 979 is a project that is moving the line due to road being widened in that area. It is totally paid for by the Kentucky Road Department. We only oversee the project and ensure it is installed properly and to our approval. We pick the contractors and engineers and see them through. They propose to replace the main line and service in the area in two separate projects where the road is to be widened out. Also, they are buying out and relocating some customers and some services will be removed in the process.**

**KY-680 Minnie to KY80 Waterline Extension: Project WX21071020. Approved and Fully Funded 2 Year Project with Estimated cost of \$1,909,717.00. The project was fully funded by The Cleaner Water Act 21SB036 in the fiscal year of 2022. The project consists of a new 200,000-gallon storage tank, booster pumping station, pressure reducing valve vault, solenoid valve vault, 1900 linear feet of 6 inch pvc waterline with related valves and appurtenances. It will provide potable water to residents along Rt 680 that has never been supplied water supplied in the past.**

- b. Provide the Project Profile number from the Kentucky Infrastructure Authority Water Resource Information System for each project.

**Response: 979 is totally paid for by the Kentucky Road Department.**

**KY-680 Minnie to KY80 Waterline Extension: Project WX21071020.**

- c. If a project is expected to reduce water loss, provide the estimated number of percentage points that water loss will be reduced by each project.

**Response: Neither project is being done to specifically reduce water loss, but the 979 project will possibly help with water loss.**

- d. State whether any of the listed projects are anticipated to be funded with the proposed water loss surcharge.

**Response: Neither project will be funded by the proposed water loss surcharge.**

22. Refer to the 2023 General Ledger and the table below.

<b>Account Description</b>	<b>12/31/23 Adjusted Balance</b>
46150 Metered Sales - Residential Sewer	(67,487.06)
46151 Metered Sales - Business Sewer	(32,433.74)
47402 Garbage Sales Revenue	(851,249.00)
60001 Solid Waste Payments	825,711.53
60003 PCUC Sewer Payments	111,085.02

- a. Provide copies of the agreements with PCUC and the party on behalf of which Southern District collects Garbage Sales payments and disburses solid waste payments. If written agreements are not available, describe the terms of each agreement including the amount that Southern District is compensated for performing the underlying billing and collection function.

**Response: The agreements with Prestonsburg City Utilities and Floyd County Solid Waste are we bill for their services along with our water service on one bill. When funds are collected, they are dispersed to said parties the following month. Southern Water is compensated for performing the collection at 3% of the collected funds. We only send what amount is collected minus the collection fee.**

- b. Designate where Southern District's income from the billing and collection activities is reported in its revenue request.

**Response:**

**See file 3\_Rate\_Study\_TY\_2023\_with\_Corrected\_Billing\_Analysis  
Tab SAO Cells G9 and G49**

- c. Describe Southern District's obligation to the parties if a customer is either late with a payment or the balance is written off entirely.

**Response: Southern Water is not responsible for the amount that is not collected related to billings on behalf of other utilities. Prestonsburg City Utilities does not allow us to write off any unpaid balance for sewer services.**