

MCKINNEY WATER DISTRICT
CASE NO. 2025-00145
KENTUCKY PUBLIC SERVICE COMMISSION'S SECOND REQUEST FOR INFORMATION

Witness: Kendra Hocker

1. Refer to Application, Exhibit 3, Reference E (page 5), Salaries and Wages – Employees.

a. Provide documentation supporting the inclusion of Holiday Pay in pro forma wages. Identify whether this compensation is authorized by a written employee handbook, established McKinney District policy, or has been approved by the board of commissioners.

b. State whether McKinney District anticipates a reduction in overtime hours given the post year staffing changes.

Response:

a. Refer to McKinney Districts Response to KPSC DR2 Item 2.

b. McKinney District does not anticipate a reduction in overtime hours.

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2. Identify whether meter reading services are performed by utility personnel or by an external third-party service provider. If a third-party provider is used, provide a copy of the service agreement or contract and explain how the \$55 per day charge was determined. If performed by utility employees, please identify the employees responsible for these services and explain how the associated costs are allocated.

Response: Meter Reading-Wholesale Master Meters. The Part-Time Field Employee listed in the Application, Exhibit 3, Page 6, reads daily, including weekends and holidays, the wholesale meters through which McKinney District purchases wholesale water from Stanford Waterworks and Eubank Water System in return for \$55 per day. This employee has performed part-time wholesale meter reading for approximately 14 years. The \$55 per day rate has been in effect for as long as anyone currently associated with the district can recall.

In addition to \$55 per day, the master meter reader receives pay for each holiday recognized by the District. His holiday pay is determined by multiplying eight hours per day by an hourly wage rate. The current hourly rate is \$17 and is the result of the five percent employee wage rate increase authorized by McKinney District's Board of Commissioners on December 10, 2024 (See McKinney District's Response to KPSC First Request for Information, Item 8). Pro forma holiday pay for the master meter reader in the amount of \$1,863 is shown in the Application, Exhibit 3, Reference Item E.

The wholesale meter reading wages are reviewed and approved by the Board of Commissioners at each monthly board meeting as part of the monthly expenditure report.

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Meter Reading-Retail Meters. Retail water meters are read monthly by utility employees. The District experienced multiple changes to meter reading personnel and procedures during the test year and after the test year. At the beginning of the test year, the District had two full-time general field maintenance and operation employees that split meter reading responsibilities evenly with each reading approximately 950 meters per month. One employee left the District for employment with a different company in September 2024. A replacement employee was hired in October 2024. The replacement employee was dismissed from employment in January 2025.

The District did not replace the vacant full-time general maintenance, operation and meter reading position. Instead, meter reading previously performed by the dismissed employee was assigned to the remaining full-time maintenance, operation and meter reading employee and a full-time assistant to the field manager was hired to perform operation and maintenance duties at \$15 per hour. The assistant field manager does not read meters.

The additional meter reading duties assigned to the existing employee are performed outside of the employee's full-time employment responsibilities in return for \$1.50 per meter (See Minutes from the District's March 11, 2025 Board Meeting submitted as part of the District's Response to KPSC DR2, Item 8). The additional meter reading is performed after the employee has completed all regular and overtime hours necessary to fulfill his full-time employment responsibilities to McKinney District. The employee is not paid \$1.50 per meter and an hourly wage rate simultaneously. Furthermore, he is paid \$1.50 per meter for reading only the meters that were previously read by the former

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employee.

Neither the annual wages for the assistant field manager in the amount of \$31,200 (2,080 hours x \$15 per hour) nor the additional meter reading wages in the amount of \$17,100 (950 meters x \$1.50 x 12 months) resulting from the \$1.50 per meter charge are included in pro forma operations.

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Witness: Kendra Hocker and Jack Scott Lawless

3. Refer to Application, Exhibit 3, Reference J at 11.
 - a. Provide a copy of the fully executed contract or agreement with Ampstun Corp.
 - b. Provide a detailed explanation of how the 7-year useful life was determined. Include any supporting documentation, studies or policies McKinney District relied upon in establishing this useful life.

Response:

- a. See attachment "3a McKinney Response to KPSC DR2, Item 3.a., Ampstun Contract."
- b. Generally, computer software programs are assigned a 5 to 10 year depreciable life. The middle of this life span was chosen to depreciate the cost of the Ampstun billing system.

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4. Refer to Application, Statement of Adjusted Operations (SAO), Credit Card Processing Fees.

a. Provide a detailed explanation of the nature, purpose and number of occurrences of the credit card processing fees recorded during the test year.

b. State whether McKinney District receives reimbursement from its customers for the credit card processing fees.

c. If the credit card fees are recovered from customers, identify and cite the specific provision(s) in the McKinney District's filed tariff that authorizes such recovery.

Response:

a. McKinney District accepts payment for water service from customers paying with credit cards. McKinney District pays the credit card processing fee. The "Credit Card Fee" reported as an expense by McKinney District represents the amount paid for credit card processing fees.

b. McKinney District does not receive reimbursement of credit card fees from customers.

c. N/A.

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5. Refer to McKinney District's response to Commission Staff's First Request for Information (Staff's First Request), Item 5. McKinney District did not provide all the information requested. Provide invoices for automobile and property insurance for 2024 and 2025.

Response:

See attachment "5 McKinney Response to KPSC DR2, Item 5., Insurance Invoices."

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6. Refer to McKinney District's response to Staff's First Request, Item 9c and 9d. McKinney District did not provide all the information requested.

a. Provide documentation from the Fiscal Court that authorizes each commissioner's compensation.

b. Provide training records for commissioner Mike Reed for the years 2023, 2024, and 2025.

Response:

a. In Case No. 2022-00400, the Lincoln County Fiscal Court did not respond to McKinney District's request for documentation of approval of Commissioner's compensation (See McKinney District's March 20, 2023 Response to KPSC DR2, Item 4.a.) In the this case, the Fiscal Court states that no commissioner compensation documents could be located.

b. There are no training records for Mike Reed. It is McKinney District's understanding that Mr. Reed is not required to participate in training due to his longevity and experience as a Commissioner of McKinney District. (See Case No. 2022-00400, McKinney District's March 20, 2023 Response to KPSC DR2, Item 12).

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7. Refer to McKinney District's response to Staff's First Request, 2024 General_Ledger, Account 407 – Meeting Fees.

a. State the purpose of the meeting fees recorded under this account and provide a detailed description of the nature of these expenses.

b. Identify where in the board minutes the meeting fees were approved. If the approval of meeting fees is not reflected in the minutes provided, supply the specific board minutes or other documentation in which the approval is recorded.

c. Explain how the meeting fee amount was determined. In the response, state whether the fee is a flat amount or calculated using on another method, and describe the calculation method.

Response:

a. McKinney District employees are paid to attend the Commissioner's meetings. The amounts paid to employees to attend meetings are charged to Account 407.

b. The employee meeting fees are included in the monthly expense reports that are reviewed and approved by the Board of Commissioners at each meeting.

c. The employee meeting fees follow the fees of the Board of Commissioners. The President of the Board of Commissioner's receives \$200 per meeting. All other Commissioner's receive \$150 per meeting. Each employee receives the same amount per meeting, \$150, as the other Commissioners. All parties receive an additional \$35 to attend a "special meeting."

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8. Refer to Application, Adjustment G. Explain, in detail, how the test-year amount for power used for pumping was calculated. In the response, include calculations used to derive the adjustment and provide those calculation in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

Response:

Refer to the file named "General_Ledger_McKinney_2024.xlsx" that was filed on August 12, 2025, as part of McKinney District's response to Commission's Staff's First Request for Information. Go to Cells A 4271 through U 4358. Note that Account 418 – Utilities includes all utility charges assessed to McKinney District in the amount of \$17,368.12. Purchased Power for Pumping includes all amounts shown in this account charged by Inter-County Energy and all KU accounts except account no. 3000-0741-6120. The Purchased Power for Pumping that totals \$12,448.94 is shown in Cells O 4272 - U 4334.

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9. Refer to McKinney District's response to Staff's First Request, Item 13. McKinney District did not provide all the information requested. Provide a schedule listing the number of occurrences for each nonrecurring charge recorded during the test year and corresponding to the amounts provided in McKinney District's response for Item 13.

Response:

See attachment "9 McKinney Response to KPSC DR2, Item 9., Nonrecurring Charges."