

LUXON PATTERSON

Attorneys at Law
507 HAMPTON WAY
P.O. BOX 825
RICHMOND, KENTUCKY 40476-0825
Telephone: 859/623-6233
Fax: 859/623-6977

RECEIVED

APR 26 2010

PUBLIC SERVICE
COMMISSION

Susan Dabney Luxon
J. Judson Patterson

email: Susan@luxonpatterson.com
email: Jud@luxonpatterson.com

April 26, 2010

Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

Re: Madison County Utility District: Case No. 2009-00272

Dear Todd:

Please find with this letter attachments which should satisfy the Commission's request for additional information discussed at the informal conference of March 22, 2010.

Attachment 1 is the radio read bid analysis performed by CMW Engineer, Kerry Odle, P.E., and provided to the Madison County Utilities District Board.

Attachment 2 is the payroll check register for the MCUD employees who earn extra income by meter reading. These employees have the option to read meters after regular work hours. They are paid separate from their regular checks and are under no obligation to read meters. MCUD makes the opportunity to earn extra income available to current employees before hiring other meter readers.

Attachment 3 is the proposed tariff language to support the credit card machine based upon the new agreement with MCUD's credit card merchant processor.

Additionally, the Commission requested an explanation of the criteria that will be used to evaluate the continuation of the radio-read meter program after the initial phase is complete and an explanation of the funding of the remainder of the radio-read program.


MCUD recently received a rate increase that has generated excess operating income. MCUD began a capital development fund and contributes the excess to that account. The radio-read meters are being supplied on a lease/purchase arrangement. The capital development fund has sufficient assets to cover the payments required under the lease/purchase agreement without incurring any additional debt. Because the meters will

be implemented in a phase by phase manner, the capital development fund will be sufficient for the entire program.

After the initial radio-read meter implementation phase is complete, a cost analysis will be performed measuring the effectiveness of the radio-read meters. The analysis will contrast prior meter reader costs with actual, review water loss for the corresponding area, radio-read maintenance issues in relative comparison with the old meters and any other factors that measurably affect the financial viability of the program. If the program is not self-sufficient it can be discontinued without detriment to MCUD.

I trust this answers the Commission's concerns and remain hopeful we can move forward with this program.

Very truly yours,



Jud Patterson
Counsel for Madison County Utilities District

623-6977

3/1/2010
09:13

MADISON COUNTY UTILITIES DISTRICT
Payroll Check Register
Check Date: 03/01/10
Pay Periods: WBSM

Company: MCU
Page: 5

Period Begin: 02/27/10

Period End: 03/01/10

	EARNINGS				TAXES			
	CUR	MTD	OTD	YTD	CUR	MTD	OTD	YTD
Federal Payroll Tax Requirements								
Empl FICA R: 6.20%	7,318.47	7,318.47	105,004.62	105,004.62	453.75	453.75	6,523.89	6,523.89
Empl Medi R: 1.45%	7,318.47	7,318.47	105,004.62	105,004.62	106.11	106.11	1,525.66	1,525.66
Emplr FICA R: 6.20%	7,318.47	7,318.47	105,004.62	105,004.62	453.75	453.75	6,523.89	6,523.89
Emplr Medi R: 1.45%	7,318.47	7,318.47	105,004.62	105,004.62	106.11	106.11	1,525.66	1,525.66
Federal Withholding	7,318.47	7,318.47	103,704.62	103,704.62	371.06	371.06	8,942.08	8,942.08
Total Federal Payroll Tax Requirements					1,490.78	1,490.78	25,041.18	25,041.18
Tax Requirements								
FUTA R: 0.80%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SUTA - KY R: 1.40%	7,058.80	7,058.80	109,280.19	109,280.19	98.82	98.82	1,529.92	1,529.92
State W/H - KY	7,318.47	7,318.47	103,704.62	103,704.62	249.87	249.87	4,468.81	4,468.81
Local W/H - MAD	7,427.70	7,427.70	76,083.49	76,083.49	74.29	74.29	740.85	740.85
Other W/H - RI	431.20	431.20	48,928.45	48,928.45	0.00	0.00	838.10	838.10

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MADISON COUNTY UTILITIES DISTRICT
Payroll Check Register
Check Date: 03/01/10
Pay Periods: WBSM

Company: MCU
Page: 1

Period Begin: 02/27/10

Period End: 03/01/10

Check #	Employee I.D. Employee Name	Date	Dept # Soc-Sec-No.	EARNINGS				DEDUCTIONS		
				Description	Hours	Pieces	Rate	Amount	Description	Amount
2119	2001 EDDIE HUNTER	03/01/10	***-**-6692	Mtr Reader	0.00	0.00	0.00	368.90	FICA W/H	21.73
					0.00	0.00		368.90	Medi W/H	5.08
								Fed W/H	11.78	
								State W/H	8.70	
								Local W/H	3.69	
								401a	18.44	
				TOTAL EARNINGS:				368.90		
				TOTAL DEDUCTIONS:				69.42	<<<	69.42
				NET PAY:				299.48	**	
2120	2008 CHARLES J. HOLLAND	03/01/10	***-**-7853	Mtr Reader	0.00	0.00	0.00	301.70	FICA W/H	17.77
					0.00	0.00		301.70	Medi W/H	4.16
								Fed W/H	45.39	
								State W/H	15.50	
								Local W/H	3.02	
								401a	15.08	
				TOTAL EARNINGS:				301.70		
				TOTAL DEDUCTIONS:				100.92	<<<	100.92
				NET PAY:				200.78	**	
2121	2013 BENJAMIN T. THACKER	03/01/10	***-**-7883	Mtr Reader	0.00	0.00	0.00	515.20	FICA W/H	30.35
					0.00	0.00		515.20	Medi W/H	7.10
								Fed W/H	50.10	
								State W/H	16.43	
								Local W/H	5.15	
								401a	25.76	
				TOTAL EARNINGS:				515.20		
				TOTAL DEDUCTIONS:				134.89	<<<	134.89
				NET PAY:				380.31	**	
2122	2016 ROBERT THOMPSON	03/01/10	***-**-4004	Mtr Reader	0.00	0.00	0.00	249.20	FICA W/H	14.68
					0.00	0.00		249.20	Medi W/H	3.43
								State W/H	3.42	
								Local W/H	2.49	
								401a	12.46	
				TOTAL EARNINGS:				249.20		
				TOTAL DEDUCTIONS:				36.48	<<<	36.48
				NET PAY:				212.72	**	
2123	2022 WILLIAM E. RENZENBRIN	03/01/10	***-**-6046	Mtr Reader	0.00	0.00	0.00	385.00	FICA W/H	23.87
					0.00	0.00		385.00	Medi W/H	5.58
								Fed W/H	15.23	
								State W/H	10.42	
								Local W/H	3.85	
				TOTAL EARNINGS:				385.00		
				TOTAL DEDUCTIONS:				59.15	<<<	59.15
				NET PAY:				325.85	**	

Employee

Empl.

Empl.

Empl.

3/1/2010
09:13

MADISON COUNTY UTILITIES DISTRICT

Company: **MCU**
Page: **2**

Payroll Check Register
Check Date: 03/01/10
Pay Periods: WBSM

Period Begin: 02/27/10

Period End: 03/01/10

Check #	Employee I.D. Employee Name	Date	Dept # Soc-Sec-No.	EARNINGS				DEDUCTIONS		
				Description	Hours	Pieces	Rate	Amount	Description	Amount
				TOTAL EARNINGS:				385.00		
				TOTAL DEDUCTIONS:				58.95	<<<	58.95
				NET PAY:				326.05	**	
2124	2023 MATTHEW R. BURNS	03/01/10	***-**-1976	Mtr Reader	0.00	0.00	0.00	396.20	FICA W/H	24.56
					0.00	0.00		396.20	Medi W/H	5.74
									State W/H	10.25
									Local W/H	3.96
				TOTAL EARNINGS:				396.20		
				TOTAL DEDUCTIONS:				44.51	<<<	44.51
				NET PAY:				351.69	**	
2125	2029 CHRIS MCMULLIN	03/01/10	***-**-4238	Mtr Reader	0.00	0.00	0.00	1,048.60	FICA W/H	65.01
					0.00	0.00		1,048.60	Medi W/H	15.20
									Fed W/H	92.92
									State W/H	48.09
									Local W/H	10.49
				TOTAL EARNINGS:				1,048.60		
				TOTAL DEDUCTIONS:				231.71	<<<	231.71
				NET PAY:				816.89	**	
2126	2033 GEORGE G. NEWLAND	03/01/10	***-**-6200	Mtr Reader	0.00	0.00	0.00	847.70	FICA W/H	52.56
					0.00	0.00		847.70	Medi W/H	12.29
									Fed W/H	17.85
									State W/H	36.44
									Local W/H	8.48
				TOTAL EARNINGS:				847.70		
				TOTAL DEDUCTIONS:				127.62	<<<	127.62
				NET PAY:				720.08	**	
2127	2034 BERTHA L. NEWTON	03/01/10	***-**-8661	Mtr Reader	0.00	0.00	0.00	469.00	FICA W/H	29.08
					0.00	0.00		469.00	Medi W/H	6.80
									State W/H	15.24
									Local W/H	4.69
				TOTAL EARNINGS:				469.00		
				TOTAL DEDUCTIONS:				55.81	<<<	55.81
				NET PAY:				413.19	**	
2128	2035 MICHAEL G. BURNS	03/01/10	***-**-1951	Mtr Reader	0.00	0.00	0.00	784.00	FICA W/H	48.61
					0.00	0.00		784.00	Medi W/H	11.37
									Fed W/H	74.28
									State W/H	33.51
									Local W/H	7.84
				TOTAL EARNINGS:				784.00		
				TOTAL DEDUCTIONS:				175.61	<<<	175.61
				NET PAY:				608.39	**	

3/1/2010
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MADISON COUNTY UTILITIES DISTRICT

Company: MCU

Payroll Check Register

Page: 3

Check Date: 03/01/10

Period Begin: 02/27/10

Pay Periods: WBSM

Period End: 03/01/10

Check #	Employee I.D. Employee Name	Date	Dept # Soc-Sec-No.	Description	EARNINGS			DEDUCTIONS		
					Hours	Pieces	Rate	Amount	Description	Amount
2129	2051 DONALD BURNS	03/01/10	***-**-1224	Mtr Reader	0.00	0.00	0.00	74.90	FICA W/H	4.64
					0.00	0.00		74.90	Medi W/H	1.09
									Local W/H	0.75
				TOTAL EARNINGS:				74.90		
				TOTAL DEDUCTIONS:				6.48	<<<	6.48
				NET PAY:				68.42	**	
2130	2053 ROBIN WRIGHT	03/01/10	***-**-4888	Mtr Reader	0.00	0.00	0.00	338.80	FICA W/H	21.01
					0.00	0.00		338.80	Medi W/H	4.91
									State W/H	6.57
									Local W/H	3.39
				TOTAL EARNINGS:				338.80		
				TOTAL DEDUCTIONS:				35.88	<<<	35.88
				NET PAY:				302.92	**	
2131	2507 PAUL E. BLANTON	03/01/10	***-**-9714	Mtr Reader	0.00	0.00	0.00	431.20	FICA W/H	26.73
					0.00	0.00		431.20	Medi W/H	6.25
									State W/H	9.20
									Local W/H	4.31
				TOTAL EARNINGS:				431.20		
				TOTAL DEDUCTIONS:				46.49	<<<	46.49
				NET PAY:				384.71	**	
2132	2508 CLIFTON D. WILLOUGHBY	03/01/10	***-**-5088	Mtr Reader	0.00	0.00	0.00	156.10	FICA W/H	9.68
					0.00	0.00		156.10	Medi W/H	2.26
									Local W/H	1.56
				TOTAL EARNINGS:				156.10		
				TOTAL DEDUCTIONS:				13.50	<<<	13.50
				NET PAY:				142.60	**	
2133	2509 CLINT W. OSBORNE	03/01/10	***-**-9229	Mtr Reader	0.00	0.00	0.00	311.50	FICA W/H	19.31
					0.00	0.00		311.50	Medi W/H	4.52
									State W/H	6.75
									Local W/H	3.12
				TOTAL EARNINGS:				311.50		
				TOTAL DEDUCTIONS:				33.70	<<<	33.70
				NET PAY:				277.80	**	
2134	3009 TAMARA S. WEBB	03/01/10	***-**-6055	Mtr Reader	0.00	0.00	0.00	749.70	FICA W/H	44.16
					0.00	0.00		749.70	Medi W/H	10.33
									Fed W/H	63.51
									State W/H	29.35
									Local W/H	7.50
									401a	37.49

Employee

3/1/2010
09:13

MADISON COUNTY UTILITIES DISTRICT
Payroll Check Register
Check Date: 03/01/10
Pay Periods: WBSM

Company: MCU
Page: 4

Period Begin: 02/27/10

Period End: 03/01/10

Check #	Employee I.D. Employee Name	Date	Dept # Soc-Sec-No.	EARNINGS				DEDUCTIONS	
				Description	Hours	Pieces	Rate	Amount	Description
				TOTAL EARNINGS:				749.70	
				TOTAL DEDUCTIONS:				192.34 <<<	192.34
				NET PAY:				557.36 **	
*** GRAND TOTALS ***				Mtr Reader	0.00	0.00	7,427.70	FICA W/H	453.75
					0.00	0.00	7,427.70	Medi W/H	106.11
								Fed W/H	371.06
								State W/H	249.87
								Local W/H	74.29
								401a	109.23
				TOTAL EARNINGS:				7,427.70	
				TOTAL DEDUCTIONS:				1,364.31 <<<	1,364.31
				NET PAY:				6,063.39 ** ✓	

Listed Employees: 16

May 7, 2009

Mr. James Carr
Madison County Utilities District
P.O. Box 670
Richmond, Kentucky 40476-0670

Re: Radio Read Meter System

Dear Jim:

I have opened all the bids and prepared a Bid Tabulation form showing the results. I have also reviewed all the bids and listed any differences from the specifications. All automatic reading systems are not exactly the same; there are some minor and major differences.

I met with John Clark regarding what his priorities for the meter reading system are and have listed them below:

1. Proven working system with limited problems.
2. Complete package with supplier furnished system and meters.
3. Antenna being mounted at lid level.
4. Distance of transmission from radio.
5. Glass lens for meter.
6. Accuracy of meter especially in low flow.

Based on these priorities, I evaluated each bid. The result of this evaluation is shown below:

A. Hayes Pipe Supply, Inc. \$ 400,370.53

1. John visited a utility in Tennessee and received good reviews.
2. Hershey system and meters.
3. Antenna is mounted at meter level with possibility of water coverage if meter box is flooded.
4. The radio signal is 1 mw while specs require a 10 mw signal.
5. Hershey meters have a plastic lens.
6. The flow accuracy is 1/4 gpm while 1/8 gpm is specified.

B. United Systems Software, Inc. \$ 462,937.75

1. No visits were scheduled.
2. United System is supplying a Itron reading system and Hershey meters. They do not supply meters and will be purchasing from another supplier.
3. Antenna is mounted on lid.
4. 10 mw signal is provided.
5. Hershey meter has a plastic lens.
6. The low flow accuracy is 1/4 gpm while specs require 1/8 gpm.

CMWnc.

ARCHITECTURE ENGINEERING INTERIOR DESIGN LANDSCAPE ARCHITECTURE

400 E Vine St., Suite 400, Lexington, KY 40507 859.254.6623 Fax 859.259.1877
www.cmwaec.com

CMWnc.

C. HD Supply Waterworks \$ 466,824.43

1. John visited Cumberland Falls Water District with representative of supplier. The meters were read two days prior to visit. During the visit the meters could be read but the system did not show which meters were being read on the screen.
2. Badger System and Meters.
3. Antenna can be mounted at lid level.
4. Radio signal is 1 mw while specs require a 10 mw signal.
5. Badger meters have glass lens.
6. Meters have a low flow accuracy of 1/8 gpm which meets specs.

D. Utility Service Supply, Inc. \$ 493,643.00

1. No visit to sites were scheduled.
2. A Master Meter system is supplied with master meters.
3. Antenna and radio is within the meter and located where it could be underwater if meter pit is flooded.
4. Could not find information on transmission of radio.
5. Meter has glass lens.
6. The meter does not meet the 1/8 gpm low flow accuracy.

E. Ferguson Waterworks \$ 499,690.51

1. John visited some users and he was pleased with the system.
2. Complete system furnished by Elster Amco
3. Antenna can be mounted at lid level.
4. Radio signal is 10 mw which meets specs.
5. Meters have glass lens.
6. Accuracy of meter is 1/8 gpm in low flow which meets specs.

F. CI Thornbury Co., Inc. \$ 508,125.00

1. No visit to sites were scheduled.
2. Sensus provides meters and reading system.
3. Info submitted did not show where antenna can be mounted.
4. Radio transmission exceeds specs.
5. Meters have glass lens.
6. Info submitted did not show the flow accuracy.

G. Neptune Equipment Company \$ 519,917.50

1. John visited Lexington to see the system and was impressed.
2. Neptune provides reading system and meters.
3. Antenna mounted on meter.
4. Radio transmission exceeds specs.
5. Meters have glass lens.
6. Accuracy of meter is 1/8 gpm in low flow which meets specs.

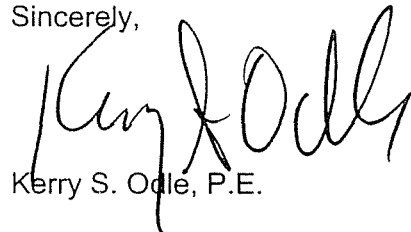
H. Professional Meters, Inc.

1. No visit to sites were scheduled.
2. Itron system with Elsler meters.
3. Antenna mounted on lid.
4. Radio transmission meets specs.
5. Meters have glass lens.
6. Accuracy of meter is 1/8 gpm in low flow which meets specs.

Based on the criteria given to me by John, the lowest bid meeting all six criteria's is Ferguson Waterworks with a bid of \$499,690.51. This review was based on information submitted with the bids and I did not call any bidder for additional information. All site visits were done by John last fall when he was looking at different systems. I did not setup any new meetings for John to look at systems.

If you have any questions, please give me a call.

Sincerely,



Kerry S. Odle, P.E.

C: John Clark w/a
File w/a

BID TABULATON'S
 AUTOMATIC METER READING SYSTEM
 MADISON COUNTY UTILITIES DISTRICT
 APRIL 24, 2009

BIDDER	AUTOMATIC READING SYSTEM	METERS	TOTAL
C.I. Thornburg Co. Inc.	\$ -	\$ 508,125.00	\$ 508,125.00 6
Ferguson Waterworks	\$ 46,161.80	\$ 453,528.71	\$ 499,690.51 5
Hayes Pipe Supply Inc	\$ 3,155.00	\$ 397,215.53	\$ 400,370.53 1
HD Supply Waterworks	\$ 12,609.60	\$ 454,214.83	\$ 466,824.43 3
Neptune Equipment Co.	\$ 32,350.00	\$ 487,567.50	\$ 519,917.50 7
Professional Meters Inc.	\$ 48,750.00	\$ 547,113.00	\$ 595,863.00 8
United Systems & Software Inc.	\$ 39,741.25	\$ 423,196.50	\$ 462,937.75 2
Utility Services Supply Inc	\$ 26,000.00	\$ 467,643.00	\$ 493,643.00 4

BID TABULATION'S
 AUTOMATIC METER READING SYSTEM
 MADISON COUNTY UTILITIES DISTRICT
 APRIL 24, 2009

BIDDER	AUTOMATIC READING SYSTEM	METERS	TOTAL
C.I. Thornburg Co. Inc.	\$ -	\$ 508,125.00	\$ 508,125.00 6
Ferguson Waterworks	\$ 46,161.80	\$ 453,528.71	\$ 499,690.51 5
Hayes Pipe Supply Inc.	\$ 3,155.00	\$ 397,215.53	\$ 400,370.53 1
HD Supply Waterworks	\$ 12,609.60	\$ 454,214.83	\$ 466,824.43 3
Neptune Equipment Co.	\$ 32,350.00	\$ 487,567.50	\$ 519,917.50 7
Professional Meters Inc.	\$ 48,750.00	\$ 547,113.00	\$ 595,863.00 9
United Systems & Software Inc.	\$ 39,741.25	\$ 423,196.50	\$ 462,937.75 2
Utility Services Supply Inc.	\$ 26,000.00	\$ 467,643.00	\$ 493,643.00 4

agreement is available, but cost was not given. All warranties are met and a financing plan is available. Completion in 4 to 6 weeks.

The system meets all requirements except for the radio transmitter operating on 1mW of power instead of required 10 mW power. This info found from another source and not from info provided with bid. It has a GPS mapping system. They have listed numerous Kentucky Utilities customers and have an office in Lexington, Kentucky.

4. Utility Service and Supply Inc. \$ 493,643.00

This is a Master Meter 3G system using Master Meters. Numerous other meters are compatible to this system. The AMR is a separate box connected to the provided laptop. All warranties and service agreements are met. Various levels of service agreements are available for future years. Two day training is included. A financing plan is available and all warranties are met. Completion is 30 to 60 days.

The low flow accuracy is the same as Hershey meter and does not meet the 1/8 gpm. An interface program is not needed to work with your billing software. They proposed to upgrade the existing meters at a cost savings of \$43,960. Their office is located in Morehead, Kentucky. Six utilities from Kentucky are given as reference.

5. Ferguson Waterworks \$ 499,690.51

This is Elster system using Itron AMR with Elster meters. It meets all specifications and warranties. Software support after first year is \$5,135.40. Three days of training is included. A financing plan is available and 2 systems in Kentucky are listed as references. The bid in original quote was \$583,892.00. John Clark has visited one of their customers.

6. C. I. Thornburg Co. Inc. \$ 508,125.00

This is a Sensus system using Sensus meters. No information provided on system except into bid. The system is compatible with Badger and Neptune meters. All warranties are met. Training and service agreement will be provided continuously as long as Sensus meters are used. Project completion within 6 weeks. No references were given. The radio transmitter operates on 200 mW power where only 10mW is required.

7. Neptune Equipment Company \$519,917.50

This is a Neptune System with Neptune meters. Meets and exceeds all specifications and warranties. Most meters are compatible to this system. The radio transmitter is mounted to the meter. Financing is available and 3 days of training is available. The

radio transmitter is 100 mw as compared to 1 mw for Hershey system. Completion within 8 weeks. Numerous references from utilities in Kentucky. Their office is located in Cincinnati, Ohio. The radio transmitter operates with 100mW of power while only 10mW is required.

8. Professional Meters, Inc. \$595,863.00

This will be an Itron system with Elster meters like submittal by Ferguson. Met all specifications. In reading their project assumptions, they are including installation in their bid. They are located in Morris, Illinois and have 3 utilities from Kentucky listed as references. Installation will be done within 20 weeks. Financing is available and 3 days of training is offered.

Madison County Utilities District
(Name of Utility)

FOR Madison County Utilities District

Community, Town or City

P.S.C.KY.NO. 0760224

SHEET NO. _____

CANCELLING P.S.C.KY.NO. _____

SHEET NO. _____

RULES AND REGULATIONS

the address listed on the Water Service Contract unless a change of address has been filed with the utility in writing. The utility will not otherwise be responsible for delivery of any bill or notice nor will the customer be excused from the payment of any bill or any performance required in the notice.

- b) Water service will be billed monthly. Bills are payable and due on the date of issuance.
- c) Payment must be received or postmarked before the close of business on the 15th day of the following month. Payments made be made in the form of cash, check, money order, credit/debit card, or online at www.madisoncountyutilities.com. Customers choosing to pay by credit or debit card shall be charged \$0.25 per transaction plus 2.2% of the amount paid; otherwise, the delinquent bill will be assessed the late payment penalty approved and on file with the Public Service Commission. Should the final date for payment at the net rates fall on a weekend and/or holiday, the next business day following the final date will be held as the day of grace for delivery of payment.
- d) The late payment penalty will be assessed on the delinquent amount of the bill, less taxes and any prior penalty amounts. Pursuant to 807 KAR 5:006 Section 8 (3)(h), a penalty may be assessed only once on any bill for rendered services.
- e) Delinquent bills may result in disconnection of service with the utility applying the customer's deposit against the unpaid bill. The customer shall be given at least 5 days written notice of termination, and at least 20 days shall have passed since the issuance of the original bill.

DATE OF ISSUE _____

Month / Date / Year

DATE EFFECTIVE _____

Month / Date / Year

ISSUED BY _____

(Signature of Officer)

TITLE _____