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Lovellaceville Water Company

JUN 30 2014

Response to Public Service Commission

PUBLIC SERVICE
COMMISSION

For information

All responses contained herein were made by Eric Young, the owner/operator of Lovelaceville Water Company and are true and accurate to the best of my knowledge, information and belief.



Eric Young

1. Describe in detail any upgrades that Lovelaceville Water Company currently needs to continue operating and remain in compliance with all regulations, and include the estimated costs of such upgrades.

The distribution system is in need of replacement. The system currently has a water loss of approximately 70% to 80%. Repairing leaks seems to be futile. Each time a leak is found and repaired a new one starts almost immediately and even after a repair the water loss never decreases. The electric bill and the chemical bill continue to rise due to the leaks. The distribution system is also in need of meter setters to enable the disconnection of delinquent customers and for backflow prevention.

The treatment plant is deteriorating. The roof leaks and the electrical equipment is outdated. Wiring is exposed and not in conduit. The main panels are from the 1970s and obsolete. The storage/pressure tank located inside the plant is a recycled boiler tank and lacks the capacity to store sufficient water for contact time with treatment chemicals.

Due to the leaks the well pumps cycle constantly and will probably need replaced sooner than normal.

To replace all the aged and failing equipment I would estimate the cost to be \$150,000.

2. State the current number of customers.

49 active customer as of 6/24/14.

3. State the current number of customers with delinquent accounts.

There are 16 delinquent customers as of 6/24/14. The amounts owed range from \$21.30 to \$1106.95 and total \$2290.74.

4. State the number of disconnections performed year-to-date.

Zero customers have been disconnected. I have attempted in the past to disconnect delinquent customers, but I am unable to lock the service since there are no meter setters. There are pvc valves in the meter pits and if I turn it off the customer turns it back on. I tried pulling meters but the meter is what is holding the pipe in place due to the way it was installed, if I pull the meter the pipe blows out and causes a huge leak.

5. Describe the steps taken to collect on delinquent accounts, including whether late notices sent, service is cut-off, or any court enforcement actions are commenced.

As I mentioned in the previous response I have had no success attempting to disconnect a service. I previously sent late notices but I no longer do. The notices were ignored just as the monthly bill was and it became just an added expense of ink, paper, envelopes and postage. I have gone to residences of delinquent customers to collect payment but usually all I get is an excuse or a promise to pay later.

6. State whether the system is currently in compliance with all Commission and Kentucky Division of Water regulations.

The system is currently in compliance. When I took over operation of the system 4 years ago the system was not in compliance. I spent money out of my own pocket to catch up the testing that had not been done in years. When I visited the Kentucky Division of Water web site that lists water system violations I saw that are 137 violations listed for Lovelaceville. 3 of those are violations that I have incurred in the last 4 years, the rest were before I took over operations. I have tried my best to get the system in compliance and to keep the system in compliance.

I fear however, that I will be incurring numerous violations due to not being able to afford the laboratory fees associated with much of the testing now due.

7. State all individuals, surrounding water districts, and municipal systems contacted regarding a potential transfer or sale of the system and the result of those communications.

I have spoken with the 2 nearest water districts, West McCracken Water and Cunningham Water and neither are interested in taking Lovelaceville Water. I contacted WSEK (Water Sales of Eastern Kentucky) since they operate a system in Western Kentucky (Clinton). 2 representatives from WSEK visited Lovelaceville Water and then requested a large amount of information. I sent all the information requested and never heard from them again. This was approximately a year ago.

8. Since the May 14, 2014 public meeting in Lovelaceville, Kentucky, Have any customers or government officials contacted Lovelaceville Water regarding a potential takeover or transfer of the Lovelaceville Water system, to include the possible formation of a water association? Describe the current status of any such discussions.

The meeting was actually May 12, 2014. The only contact from customers has been to ask if I have heard anything from the Public Service Commission. The only government official to contact me was Ballard County Judge Executive Vickie Viniard to ask the same question as the customers.

9. Since the May 14, 2014 public meeting in Lovelaceville, Kentucky, have any customers with delinquent accounts made their accounts current and/or attempted to bring their accounts current?

1 customer that owed \$65.25 made his account current, the other delinquent customers have fallen even farther behind.

10. State whether Lovelaceville Water would consider applying for and requesting a rate increase.

I have considered a rate increase but at this point I feel that it would only be a drop in the bucket compared to what is needed to continue operations. A rate increase would only make the customers that pay have to pay more and the customers that do not pay now certainly will not pay after an increase. Also I fear that some customers that pay sporadically now will stop paying all together if there is an increase and that revenues will actually decrease.

11. State Whether Lovelaceville Water is willing to continue operating the system if a rate increase is granted.

No I am not willing to continue operating the system. I feel as though I have been beating a dead horse for 4 years and I am tired. I am physically tired and I feel exhausted from the stress associated with trying to operate a financially crippled business. It is a constant worry trying to stay in compliance and not being able to afford to do so. I have repaired leak after leak to no avail and I am not physically or financially able to continue the repairs.

12. Does Lovelaceville Water intend to relinquish control and ownership of interests in all property necessary for providing utility service? List and describe all such property interests and estimated value.

Yes I intend to relinquish control and ownership of interests in all property for providing utility service. This includes the water treatment plant and the distribution system and any and all components necessary associated with them.

The state of Kentucky values the property of the water system at \$36,500 and Ballard County assesses the value at \$30,062.

The lot on which the treatment plant is located is leased and not owned by me.

13. State any other state agencies that have been contacted regarding the proposed abandonment.

I notified the regional office of the Kentucky Division of Water located in Paducah, Kentucky.

14. State whether any critical services are currently served by Lovelaceville Water, including but not limited to, health care and emergency providers.

There are no critical services served by Lovelaceville Water, no health care provider or school services. The fire department has its own well and there are no fire hydrants connected to the Lovelaceville Water System.

15. If authorized to abandon, describe the procedures and process Lovelaceville Water will follow in shutting down the utility.

I intend to follow the process recommended by the Kentucky Public Service Commission. I want to give the customers adequate notice in order for them to acquire a water source. I wish ask the Ballard County Judge Executive to reconsider making the system into a water district and establishing board members to oversee the operations of the system.