

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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OCT 3 2016

Public Service
Commission

In the matter of:

GEORGES DAMAA, M.D.

V.

CAWOOD WATER DISTRICT

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CASE NO. 2016-00328

Comes now the Defendant, Cawood Water District, by and through Counsel, and moves the Public Service Commission to allow the late filing of the Response to the Complaint filed in this matter. That the response was due on September 26, 2016, but Ms. Lana Pace, the secretary for the Cawood Water District, upon contacting the legal department, was notified that the response to the Complaint had to be filed by an attorney. Ms. Pace, realizing she needed to contact my office, contacted me the first thing on Monday, September 26, 2016 and I immediately went to work to prepare a response.

We are requesting that you allow us to file the late response in this matter.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that the foregoing was served by U.S. Mail, postage prepaid and/or by email on this 29th day of September, 2016 to the following:

Georges Damaa, M.D.
386 Ready Mix Road
Harlan, Kentucky 40831

Hon. John Parks
Email to: john.park@ky.gov

Original To:

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615



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September 28, 2016

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: CASE NO. 2016-00328

In answer to the above complaint, the Cawood Water District submits the following answers to Dr. Damaa's complaint:

- Frequent Water Outages, even in good weather
- No solutions being planned
- Infrastructure not being maintained
- No preventative actions being taken
- Failure to use "extra money" to repair upkeep system

There are outages of service to customers when the District has leaks in the distribution lines, etc. Unfortunately Dr. Damaa lives in an area where the elevation causes a decrease in available water to his residence any time a problem occurs in the main line located from our Cawood tank to the Catron's Creek Branch Line. This has happened more in the past 3 months or so due to the fact that our available water production has been reduced while we have been doing a construction rehab project on all 3 of our water treatment trains. This is a project we have been working on for close to a year from the beginning of planning, internal funding, and engineering design and bidding process, to the construction phase. This project should be completed in approximately 2 weeks. Further, this should

increase our production capacity hopefully to a point where the smaller leaks will not affect the customers as often.

Several of the problems and disruptions in the main line have been caused by the normal aging and wear and tear experienced by our water distribution system. Further, our problems are increased by the fact that several highway or road construction projects done in this area involves our lines being relocated by the road construction and left in what is far from optimal conditions. Sometimes the lines are being placed as far as 15 ft deep under large boulders. This makes the process of locating the leak and repairing it more time consuming than would be necessary under normal conditions. While making these repairs, our personnel do make what corrections we can with bedding materials etc. to correct the situation, but we cannot bring a section of pipe up to the correct depth while leaving sections of it buried excessively deep.

In addition, we recently replaced our telemetry system in 2013 at a cost of \$161,000 in an effort to speed up our knowledge and response time to any leak or line problem. While this system notifies us quickly of water volume decrease, actually locating the water leak when the lines are 15' deep in places is a difficult situation. This causes excess water loss and longer down time. In an effort to help this situation we replaced the line that had been installed during the Harlan By-pass highway construction with ductile line at a cost to us of \$376,000. This has helped tremendously with the area we were able to fund, but there is an additional 11,000 feet of this pipe needing to be replaced. This is on our main line and currently our problem area. Funding for this is our hold up. We have authorized our engineer to prepare a preliminary cost study for this project so we can attempt to seek funding. We're in a very depressed economic area in Southeast Kentucky which had previously been, for the most part, supported by the income produced by the coal industry (coal severance funds). Those funds are no longer available. Local government agencies have no way of helping those of us struggling to operate while keeping our water rates as low as possible. Our customers, the majority of which live on a fixed income, can't afford large increases in water rates.

In Feb 2015 we completed a project with Harlan City Water System Interconnect at a cost to us of \$162,500. This connection allowed us to purchase from the City of Harlan 100,000 gallons of water per day on an emergency basis. Those gallons could service customers from our Dressen connection up the Teetersville Fork. We are limited here not only by situation and volume, but also by the fact that the City of Harlan does not have the ability to be able to just turn a valve and serve all our customers, contrary to the belief of some of our customers. When we installed the lines to the Tway Hill residents, the city of Harlan had refused to even consider serving these few people even though they had water service already going to commercial businesses located in the level area at the bottom of Tway hill. When we are not in a situation with water loss occurring we have the pressure necessary to reach these residents.

In an effort to reduce water loss from leaks in 2013 we had the engineering company do a leak detection study at a cost of \$20,000.00. In Jan 2016 we located a large leak in the river crossing at Grays Knob, we had new line installed at a cost of \$28,500.00 to correct this problem. Leaks, breakdowns and water loss is a subject discussed and solutions planned at every board meeting for as

long as this District has been formed. Any time our personnel have available time they are instructed to be checking the system lines for potential problem areas. If you review the actions listed I believe you can see that the current Water Board is always planning and doing things within their budget which benefits the water users of this District.

As to the assertion that we have plenty of money available but won't use it to help our operations, I can only refer the Commission to our financial statements on file. By no means is the Board simply holding money in accounts that are not required by our bond. All the money available through any funding source gets put back into improvements or repairs on this system. Are there things we wish we could just immediately do? Absolutely. Do we wish we could replace all lines with new pipe? Yes. Do we wish our trucks weren't 9 years old? Yes. Do we wish we didn't have to call our men out at all hours of the night to fix leaks? Yes. But we live in the real world and we operate in the real world. We respond to any problems as quick as possible. We appreciate all our customers and will continue to seek ways to improve our system and reduce its limitations. We urge all customers to attend the monthly board meetings to get a more accurate understanding of the operations of a water district and would welcome any input to improve our operations. We are all on the same system, drinking the same water and experiencing the same outages as our customers, with the exception of the elevation problem affecting approximately 5 households.

If any further action needs taken on our part please let us know.

Sincerely,



Otis Doan, Jr.
Attorney for the Cawood Water District

OD:mhb

cc: George Damaa, M.D.
386 Ready Mix Road
Harlan, Kentucky 40831