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December 28, 2016

PARTIES OF RECORD

Re: Case No. 2016-00328

Attached is a copy of a memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum please do so within five days of receipt of this letter.

If you have any questions, please contact John Park, Commission Staff Attorney, at 502-782-2589.

Sincerely,

A handwritten signature in blue ink that reads "Talina R. Mathews".

Talina R. Mathews
Executive Director

JBP/ph

Attachments

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2016-00328
FROM: John B. Park, Staff Attorney
DATE: December 28, 2016
RE: Informal Conference of December 21, 2016

Pursuant to Commission Staff's ("Staff") Notice of Informal Conference filed into the record on December 19, 2016, an informal conference was held in this matter on December 21, 2016. Complainant Dr. Georges Damaa and a representative of Defendant Cawood Water District ("Cawood District") participated in the conference by telephone. Cawood District was represented by counsel, who also participated by telephone. A copy of the sign-in sheet is attached to this Memorandum.

Commission Staff Attorney John Park stated that Staff would prepare and enter into the record a memorandum regarding the conference. Mr. Park advised that the parties would have five days after the memorandum is entered into the record to file comments on the memorandum. Mr. Park also stated that views expressed at the conference by Staff are not binding on the Commission. Mr. Park stated that the purpose of the meeting was to clarify the allegations in the Complaint and to address any matters that could aid in the handling or disposition of the case.

Dr. Damaa discussed his complaint that he frequently experiences disruptions in water service due to Cawood District's leaky pipes. Dr. Damaa stated that he had experienced service outages since filing his complaint.

Cawood District discussed efforts to increase water volume and line pressure so that the impact of smaller leaks on customers is reduced. Cawood District discussed efforts to identify and repair leaks, and stated that service down time due to leaks has been improved since Dr. Damaa filed his complaint. Cawood District stated that it is sometimes difficult to identify the location of leaks due to the depth of certain water lines.

Cawood District's Annual Report for 2014¹ indicated total line loss of approximately 42.5%. Cawood District stated that due to its efforts to locate and repair leaks, its line loss for the past month was down to 28%.

Cawood District stated that it had spent \$376,000 to replace water line that had been installed during construction of the Harlan Bypass project, but that an additional 11,000 feet of pipe needed to be replaced. Cawood District said a preliminary cost study had been prepared for this project, and that the study estimated the project would cost approximately \$2 million. Staff requested Cawood District to file a copy of the study into the case record.

Cawood District stated that it did not have a source of funds for the additional line replacement, that Harlan County's coal severance funds were down, and that Cawood District had not sought a rate increase for several years due to the depressed economic condition of the community it serves. Dr. Damaa stated that the main issue is the lack of funding to repair leaks, replace lines, restore adequate service and prevent future problems.

There being no further business, the informal conference adjourned.

Attachment

¹ As of the date of the IC, Cawood District had not filed its Annual Report for 2015. Cawood District advised Staff that it is waiting for its auditor to complete the review of 2015, and that the 2015 Annual Report should be filed by the end of the year.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

GEORGES DAMAA)	
)	
COMPLAINANT)	
V.)	CASE NO.
)	2016-00328
CAWOOD WATER DISTRICT)	
)	
DEFENDANT)	

Informal Conference – December 21, 2016

Please sign in:

NAME

REPRESENTING

John Park

PSC Legal

Otis Doan

Counsel for Cawood - by telephone

Dr. Damaa

Complainant - by telephone

Lana Pace

Cawood Water Dist - by telephone

Ariel Miller

PSC - Financial Analysis

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