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NEWS RELEASE

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PSC Accepts Settlement in Waddy Water Tank Collapse ***US 60 Water District to Pay \$7,500 Penalty; Hearing Cancelled***

FRANKFORT, Ky. (Aug. 17, 2015) – U.S. 60 Water District will pay a \$7,500 penalty to settle a case brought by the Kentucky Public Service Commission (PSC) alleging that the district failed to heed warnings about structural problems that led to the collapse of its water storage tank in Waddy one year ago.

In an order issued today, the PSC accepted U.S. 60 Water District's offer to pay the maximum penalty for each of the three violations identified in the course of a PSC investigation into the collapse. U.S. 60 Water District also agreed to fully inspect each of its remaining water storage tanks within the next six months.

Today's order also cancels a hearing scheduled for tomorrow at which the PSC was to consider the settlement agreement.

The 177,000-gallon water tank in Waddy collapsed at about 5:30 p.m. on Sat., Aug. 9, 2014. There were no injuries, but the resulting flood of water destroyed an outbuilding at the Waddy Baptist Church and damaged several other buildings, including the church itself.

In April, the PSC opened a formal proceeding alleging that U.S. 60 Water District violated two regulations regarding inspection and maintenance of facilities and a third related to timely reporting of serious accidents.

U.S. 60 Water District met with PSC staff and negotiated a settlement agreement that called for a \$1,500 penalty and the expedited tank inspections.

On July 30, the PSC issued an order setting an Aug. 18 hearing in the case and directed U.S. 60 Water District to be prepared to explain why it shouldn't have to pay the maximum \$2,500 penalty per violation. The district responded with an offer to pay the maximum penalties.

Today's PSC order accepts that offer. The penalties are to be paid within 30 days.

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In its April order alleging the violations, the PSC noted that a 2011 inspection of the Waddy tank's interior, using a remotely controlled video camera, detected "fairly aggressive" corrosion inside the structure. The inspection was performed by Liquid Engineering Corp., a contractor hired by U.S. 60 Water District.

The tank was a glass-lined cylinder known as a standpipe. It was made of steel panels that were bolted together.

An analysis of the collapse found that the tank split along the bolted seams near its base. The top portion of the tank separated, falling off the base and away from the nearby buildings. The tank was full at the time of the collapse.

The PSC review also alleged that U.S. 60 Water District did not notify the commission as required. PSC staff learned of the collapse from news reports.

In a related matter, the PSC on July 30 sent letters to all water utilities in the state regarding glass-lined standpipes constructed with bolted steel panels. Corrosion may occur in those structures as they age and may not be readily visible, the PSC said.

The PSC advised utilities to be "especially vigilant in their inspections" of such standpipes and to implement any necessary remedial measures identified during those inspections. Utilities were reminded that PSC regulations require annual inspections.

Today's order and documents in the case are available on the PSC website, psc.ky.gov. The documents include the video inspection recording. The case number is 2015-00037.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 85 employees.