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David L. Armstrong  
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Daniel E. Logsdon Jr.  
Commissioner

July 15, 2015

**PARTIES OF RECORD**

Re: Case No. 2014-00267

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 Ann Ramser, Staff Attorney, at (502) 782-2585.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

ALR/ph

**INTRA-AGENCY MEMORANDUM**  
**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case File No. 2014-00267  
**FROM:** Ann Ramser, Staff Attorney  
**DATE:** July 15, 2015  
**RE:** Informal Conference of July 13, 2015

Pursuant to the Order issued on July 8, 2015, an informal conference was held in this matter on July 13, 2015. Attached is a copy of the attendance roster.

Ann Ramser began the meeting by advising the individuals present on behalf of Cannonsburg Water District that notes would be taken during the informal conference and that a memorandum would be issued. Cannonsburg Water District has five days to comment on the contents of the memorandum after it is filed into the record. Ms. Ramser further advised that the Commission is not bound by the views and comments of Commission Staff.

The bids filed with the Commission by Paul Amburgey, P.E. on June 6, 2014, on behalf of Cannonsburg Water District were reviewed. Mr. Clarkston acknowledged that the bids indicated *14 by-pass meters*, and that the bids did not indicate the meters were to be radio read capable. Mr. Clarkston also acknowledged that his letter filed on January 6, 2015, indicated that *12 – 1 inch by-pass meters* were installed in November 2014.

Mr. Clarkston indicated that he will verify that the monitor and bypass meters were installed in accordance with the plans and specifications. He will further verify whether 12 or 14 by-pass meters were installed.

Ms. Ramser referred to Cannonsburg Water District's surcharge report filed on November 17, 2015. This report indicates that two checks were written; however, a copy of only one check (check #1002) was provided. Mr. Clarkston indicated that he would provide a copy of check #1001.

Ms. Ramser referred to Cannonsburg Water District's surcharge report filed on December 17, 2014. The report indicates that the November bank statement was provided, but the Commission did not receive a copy. Mr. Clarkston indicated that he would provide a copy of the November 2014 bank statement for the surcharge account.



Mr. Clarkston acknowledged that the Order of April 13, 2015, required Cannonsburg Water District to notify the Commission within five days of installation of the replacement meters. Mr. Clarkston indicated his belief the five days began to run when the replacement meters were working properly and the meters could be accurately read.

C. I. Thornsbury has replaced the meters, but the replacement meters are not radio read or touch read capable. The meters were installed at the same grade level as the water line which at some points can be 6 feet underground. Due to the depth, scooping water from the meter box is not possible. The meters cannot be read unless the meters are radio read or touch read capable.

Mr. Clarkston advises that C.I. Thornburg may have to dig up the meter boxes in order to gain access to the meters for the purpose of installing the transponders for the radio read technology. Mr. Clarkston further advises that C. I. Thornburg is performing this work at no charge to Cannonsburg Water District. He anticipates that the replacement radio read meters will be fully operational by the end of this week. Should the replacement radio read meters not be operational by the end of this week, Mr. Clarkston will advise the Commission of the anticipated completion date.

The bids for replacement service lines will not be issued until Cannonsburg Water District has two months of information from the meters and is able to determine which service lines need to be replaced. Mr. Clarkston also indicated that the replacement of residential meters recently authorized in a KRS 278.023 case will reduce the amount of water loss.

Mr. Clarkston now understands that when the water district encounters problems with the implementation of the water loss detection or reduction plans, he needs to immediately notify the Commission. The Commission needs to know the status of the plans.

Cannonsburg Water District intends to file a motion to request authorization to use surcharge funds to replace large meters that are unrelated to the water loss detection or reduction plans. Ms. Ramser reminded Mr. Clarkston regarding the December 12, 2014 Order in which the Commission indicated that "[b]ecause eliminating the excessive water loss will ultimately benefit Cannonsburg District, reimbursement for all water loss prevention activities should not solely be funded from the separate interest-bearing surcharge account." Ms. Ramser stressed that she was not saying what the Commission might decide regarding Cannonsburg Water District's request to use the surcharge account for meters unrelated to the water loss detection or reduction plan.

The informal conference then ended.

Attachment

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CANNONSBURG WATER DISTRICT'S ) CASE NO.  
UNACCOUNTED-FOR WATER LOSS REDUCTION ) 2014-00267  
PLAN, SURCHARGE AND MONITORING )

July 13, 2015

Please sign in:

NAME

REPRESENTING

Ann Ramsey

PSC - Legal

Kevin P. Sinnott

Attorney Cannonburg Water Dist

Danny A. Clark

Manager Cannonburg Water Dist

John B. Park

PSC - legal

JAMES RICE

PSC

Mark Frost

PSC - Financial Analysis

GEORGE W. WAKIM

PSC - ENGINEERING

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