



Matthew G. Bevin
Governor

Charles G. Snavelly
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Michael J. Schmitt
Chairman

Robert Cicero
Vice Chairman

Talina R. Mathews
Commissioner

October 3, 2018

TRANSMITTED VIA E-MAIL

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 Brittany Koenig, Commission Staff Attorney, at 502-782-2591.

Sincerely,

Gwen R. Pinson
Executive Director

BHK/bhk

Attachments

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2014-00267

FROM: Brittany Koenig, Staff Attorney

DATE: October 3, 2018

RE: Informal Conference of August 30, 2018

Pursuant to Commission Staff's ("Staff") Notice of Informal Conference ("IC") filed into the record on August 15, 2018, an IC was held in this matter on August 30, 2018. A representative of Cannonsburg Water District ("Cannonsburg") and Damon Talley and Mary Ellen Wimberly (attending by phone), counsel for Cannonsburg, participated in the conference with Commission Staff ("Staff"). A copy of the attendance roster is attached.

Commission Staff Attorney Brittany Koenig began the meeting by advising representatives of Cannonsburg that notes would be taken during the conference and that Staff would prepare and enter into the record a memorandum regarding the conference. Ms. Koenig further advised that the parties would have five days after the memorandum is entered into the record to file comments on the memorandum.

Ms. Koenig began by providing a summary of the case and the events and Order of Case. No. 2018-00247 filed August 15, 2018, that brought about the informal conference. She noted that the monthly filings from Cannonsburg detailed a decline in water loss reported from 34.9% for the month of May on June 20, 2018, to 28.9% for the month of June on July 18, 2018, and finally to 24% for the month of July on August 20, 2018. Cannonsburg represented that the most recent numbers they had reported water loss at 21.9% for the month of June. The most recent monthly report on surcharge activity reported that Zone meters #6 and #4, having been re-installed in June, continue to work, however Zone Meter #10 is not reporting and the problem was reported to the supplier for repair.

Cannonsburg began with handing out a motion for electronic filing they had filed that morning and with appreciation for the quick work on an Order in Case No. 2018-00247 to approve funds on a KIA loan to provide emergency relief to several families who had been on well water. Cannonsburg gave an update regarding its plans to apply for a CPCN.. Staff suggested Cannonsburg attempt to bid out the purchase of materials for the project, even if the particular meters were from a sole source and make a good faith attempt to provide comparable information in its application. Staff stated that Cannonsburg should provide as much detail in support of its application for CPCN as possible. Staff suggested Cannonsburg address why the additional meters are needed despite the fact that it has been able to get the water loss down to 21.9%, and including support as to how the replacement of meters is directly related to line loss.

Replacement of meters in the normal course of maintenance would not be related to line loss, unless it is shown that the meters are faulty.

Mr. Webb warned that next month's line loss may be up because they have had to make a massive amount of repairs. Additionally, they are training on repairs to understand sounding valves. Staff noted and Cannonsburg agreed that after the new meters, its labor costs would go down and Cannonsburg explained they were prepared to use crews on other things. Mr. Webb explained they plan to eventually use one crew to detect leaks and a different crew to repair leaks. They don't plan to cut staff, but instead reallocate the staff.

Mr. Webb explained they plan to put a zone meter at line where main intake from Ashland water is because Cannonsburg is concerned about the quality of water coming from Ashland and the accuracy of the metering. Mr. Webb explained they may be renegotiating their contract with Ashland.

Mr. Webb explained that Big Sandy Water District is no longer planning to buy water from Cannonsburg, which would be a loss of \$20,000. Mr. Webb expects the recovery from water loss should make up for the loss of Big Sandy's purchased water.

Mr. Webb explained that the timeline of the project in the CPCN may be a bit longer because it is using its own crews who are doing the work between work orders.

There being no further business, the informal conference adjourned.

Attachment

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CANNONSBURG WATER DISTRICT'S
UNACCOUNTED-FOR WATER LOSS
REDUCTION PLAN, SURCHARGE AND
MONITORING

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CASE NO.
2014-00267

SIGN IN

August 30, 2018

PERSON

REPRESENTING

Brittany H. Kenig
Damon R. Talley, SKO
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PSC - OGC
Atty - Cannonsburg
CWD -

Mark Frost
John Lyons
Mary Ellen Wimberly
Sam Reid

PSC - FA
PSC
Atty attending by phone.
PSC - FA

*Honorable Damon R Talley
Attorney at Law
Stoll Keenon Ogden PLLC
P.O. Box 150
Hodgenville, KENTUCKY 42748

*Gerald E Wuetcher
Attorney at Law
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801

*Kevin P Sinnette, Esq.
P.O. Box 1358
Ashland, KENTUCKY 41105

*Mary Ellen Wimberly
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801

*Cannonsburg Water District
1606 Cannonsburg Road
Ashland, KY 41102

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