

Matthew G. Bevin  
Governor

Charles G. Snaveley  
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

Daniel E. Logsdon Jr.  
Vice Chairman

Robert Cicero  
Commissioner

June 8, 2016

**PARTIES OF RECORD**

Re: Case No. 2016-00142

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 David Spenard, Commission Staff Attorney, at 502-782-2580.

Sincerely,

A handwritten signature in blue ink that reads "Aaron D. Greenwell".

Aaron D. Greenwell  
Acting Executive Director

DES/ph

Attachments

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

**TO:** Case File No. 2016-00142  
**FROM:** David Spenard, Staff Attorney  
**DATE:** June 8, 2016  
**RE:** Informal Conference of May 18, 2016

Pursuant to the Commission's May 5, 2016 Order, an informal conference was held in this matter on May 18, 2016. A copy of the sign-in sheet is attached.

During the conference, Mr. Spenard stated that Commission Staff ("Staff") would prepare minutes of the conference for the case record, that a copy of the minutes would be entered into the record, and that Martin County Water District ("Martin District") would have an opportunity to submit written comments upon the minutes. Mr. Spenard stated that the views of Staff are not binding on the Commission and that the purpose of the meeting was to discuss the status of and issues in this case. Pursuant to an agreement between Staff and Martin District, representatives of Kentucky Rural Water Association ("KRWA") and the Kentucky Association of Counties ("KACo"), while not parties to the case, were allowed to attend and participate in the conference.

Following a brief discussion of the history of the proceeding, Staff discussed Martin District's response to Commission Staff's Initial Request for Information to Martin County Water District ("Staff's Initial Request") contained in Appendix H of the Commission's April 11, 2016 Order. The following is a summary of the discussion for each item.

Item 1: Staff requested additional information regarding the definition of the category "MISC" appearing on Exhibit #1 for Martin District's response to Item 1 of Staff's Initial Request. Martin District stated that MISC is used as a category when the nature of a problem is not clear when the work order is created during the intake process. Martin District stated that its general manager prioritizes the work orders and line breaks are the first priority with the severity of the leak being a factor in prioritization. Leaks in transmission lines are the top priority.

Item 2: Staff stated that Martin District's response was adequate.

Item 3: Staff stated that Martin District's response was adequate.

Item 4: Martin District discussed its capital spending and current financial condition. Martin District provided Staff with a schedule [attached] for the District's 'Project Rejuvenate' which summarizes projects that the District plans to pursue and the corresponding estimated cost for each project. Martin District stated that it estimates it will spend \$235,000 for projects related to disinfection byproducts ("DBPs"). Martin District has applied for grants to enable these projects, as well as additional projects to address water treatment and water loss. Martin District stated that it did not plan to install additional pumps at this time and that off-peak metering has been effective. Martin District stated that flushing is part of its response to issues associated with DBPs and that a line for information regarding flushing has been added to the KRWA water loss spreadsheet. Staff stated that it wanted a copy of the KRWA water loss spreadsheet and additional explanation regarding water loss reduction activities. Martin District stated that the KRWA has been providing technical assistance for the District's leak detection efforts.

Item 5: Staff stated that it wanted a summary of the in-house training provided by Martin District and also clarification of whether the employee identified as in training will constitute an additional operator upon certification.

Item 6: Staff and Martin District discussed whether there is still a distinction between the District's A and B systems. Martin District clarified there is currently one unified system. Staff stated that it wanted a detailed description of the system

Item 7: Staff and Martin District discussed the District's use of master meters in leak detection and whether additional meters would be helpful in leak detection. Staff stated that it wanted additional information on how the District prioritizes repair and replacement and additional information regarding the KRWA's assistance with regard to leak detection.

Item 8: Staff noted that the request required Martin District to explain how the District is addressing Recommendation II-2, Step 4 from the Management Audit Action Plan other than the identification of cheater bars. Martin District explained there are more regular meter pulls for non-payment, and that there has been some prosecution regarding the cheater bars. Staff stated that it wanted a current disconnect report.

Item 9: Staff and Martin District discussed the District's progress in repairing and replacing leaking mains and services. Martin District discussed recent leak detection efforts including mapping its system to identify parts of its system with repeated breaks. Staff asked whether Martin District was in a position to quantify or approximate the decrease in water loss due to the District recent leak detection efforts, and stated they wanted Martin District to file this information in the future when possible to show such quantification.

Item 10: Staff and Martin District discussed the actions necessary for the Districts preparation of a preventative maintenance plan for all the assets in the District.

Staff stated that it wanted a description of the next steps and a time line for the preparation of the plan.

Item 11: Staff stated that Martin District's response was adequate.

Item 12: Staff stated that it wanted to know the actions that Martin District could take, in view of current funding, to reduce its vulnerability to service interruptions. Martin District provided an update on Crum Reservoir and stated that it wanted to relocate its raw water intake which is currently subject to flooding and sedimentation problems. Martin District identified the possible need for a backup feed line to the raw water pumps.

Item 13: Staff stated that it wanted additional information regarding Martin District's March 8, 2016 update to its Capital Improvement Plan of 2003. Staff and Martin District also discussed in-house capital planning by the District.

Item 14: Staff asked Martin District whether it had plans for any projects that are not listed on 'Project Rejuvenate.' Staff and Martin District discussed spending on projects the District identified as expansion projects. Martin District stated that its priority is spending on its current system and reduction of water loss.

Item 15: Staff stated that Martin District's response was adequate.

Item 16: Martin District has agreed to provide this information when it becomes available.

Item 17: Staff stated that Martin District's response was adequate.

Item 18: Staff stated that Martin District's response to Item 18 was still under review and that Staff would likely have additional questions.

Item 19: Staff stated that it wanted a detailed explanation of pressure issues throughout the system, including any issues associated with filling tanks, and Martin District's steps to address pressure issues.

Item 20: Staff stated that it wanted a copy of all boil water advisories that Martin District had provided its customers during the period January 1, 2013 to present.

Item 21: Staff stated that it wanted Martin District to provide a copy of all communications, for the period January 1, 2013 to present, between Martin District and the Kentucky Division of Water, including its regional offices, not previously provided.

Item 22: Staff stated that it wanted Martin District to provide a description of Martin District's policies for compliance with 807 KAR 5:066, Section 5(2) regarding pressure recordings. Staff stated that it wanted Martin District to provide a sample copy of each type of report Martin District has provided to each fire department. Staff stated

that it wanted Martin District to provide a copy of the District's Utility Inspection Checklist.

Item 23: Staff stated that Martin District's response was adequate.

Item 24: Staff and Martin District discussed service to the United States Penitentiary, Big Sandy. Staff stated that it wanted a detailed explanation of the ownership, management, metering, and monitoring of the Honey Branch Tank and pump station.

Staff stated that it would review its notes from the conference and make a determination regarding the manner by which Martin District would supplement its responses to Staff's Initial Request and also the manner by which Staff would seek additional information.

There being no further business, the informal conference adjourned.

Attachments (2)



COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION OF THE OPERATING )  
CAPACITY OF MARTIN COUNTY WATER ) CASE NO. 2016-00142  
DISTRICT PURSUANT TO KRS 278.280 )

SIGN IN

May 18, 2016

PERSON

REPRESENTING

<del>David Edward Spensard</del>	PSC Legal Staff
Brian Cumbo	MCWD Atty
Deey Bellinger	MCWD County Judge P
<del>Royce P. ...</del>	KAs - w/ MCWD
Donna Marlin McNeil	KRWA
Joe Hammond	MCWD
Bill Harvey	MCWD
Mark Rasche	PSC Staff
Daryl Newby	PSC
John Park	PSC Staff
Jennifer Fell	PSC Staff
Andrew Melnykovich	PSC Staff
Sam Reik	PSC Staff

Project Rejuvenate  
MCWD

---

Disinfection Byproducts Reduction Projects

• Clear well aeration -----	\$10,000
• Clear well diffusion pipe repair-----	\$5,000
• Clarifier cover -----	\$200,000
• Filter at reservoir intake -----	\$20,000
Subtotal -----	\$235,000

Water treatment plant improvements

• Rebuild clarifier #5 filter bed -----	\$60,000
• Rebuild #1 clarifier -----	\$1,000,000
• Structural Renovations (Operations Building)-----	\$216,000
• Mechanical Renovations (Operations Building)-----	\$196,000
• Electrical systems upgrades -----	\$280,000
• Architectural Renovations (Operations Building)----	\$425,000
• Process Improvements and Expansion -----	\$3,430,000
• Engineering, contractors, Bonds, Inspection, ETC----	\$1,047,807
Subtotal -----	\$6,654,807

Water loss reduction

• Radio read meter -----	\$800,000
• Water Line Replacement (Ky. 2032, Little Rockcastle Wolf Creek, Meathouse, Pigeon Roost, Lovely, and Warfield) -----	\$3,600,000
• Raw Water Intake Upgrades -----	\$2,223,000
Subtotal -----	\$6,623,000

Total Estimated Project Cost ----- \$13,512,807

\*Brian Cumbo  
Attorney at Law  
P.O. Box 1844  
Inez, KENTUCKY 41224

\*Martin County Water District  
387 East Main Street, Suite 140  
Inez, KY 41224

\*Martin County Water District  
Martin County Water District  
387 East Main Street, Suite 140  
Inez, KY 41224