

RECEIVED

SEP 27 2017

PUBLIC SERVICE
COMMISSION

Commonwealth of Kentucky
Public Service Commission
Frankfort, Kentucky

September 22, 2017

Case No. 2017-00316

This letter is in response to the Order I received on September 18, 2017. I will clarify the ownership question and further explain the complaints that I have as well as the remedies.

Regarding the ownership of the property in question: I am the sole owner of the 100 acre property, and own it as a private citizen, not as a company or a corporation.

Regarding Falling Water Cove Subdivision: There is no planning and zoning in effect in this portion of Muhlenberg County so there is no legal entity called Falling Water Cove. There is no subdivision plat of Falling Water Cove on record in the Muhlenberg County Clerk's office. As a land owner that wishes to someday sell portions of my property, I have examined several options on how to divide the property and have made preliminary drawings, some showing numerous small lots, some showing only a few large lots. Sometimes I refer to the land as Falling Water Cove but it is not a legal entity. I am the sole owner of the property.

As a clarification, the address of the property in question is Forest Hill Road, Lewisburg, Kentucky. The address cited in the Order, 900 Malone Farm Lane, Belton, Ky 42324, is my personal residence on an entirely different, unconnected property.

Also, your Order states that I object to paying for the construction of the water line upfront. This is a misunderstanding. I am in complete agreement that I will pay for the cost of the construction of the line, at the time it is constructed.

To restate my complaint, it involves three issues:

1) I am being required to pay a higher per gallon price than is customary in Muhlenberg County. I wish to pay the same rate, not higher or lower. Muhlenberg County gets its water from Central City. Due to my location in the south of the county they will have to purchase water from Todd County at a higher rate. I believe their reasoning is that I should therefore pay a higher rate. Is it possible to determine the cost of distribution to each individual customer? It will vary throughout the county. It is also factually inaccurate to believe that I am a more costly consumer, just the opposite. My water line will be new and not suffer the usual 15% loss due to leaks and breaks that likely exists along the hundreds of miles of old water lines in the rest of the system. Also, my water will be supplied directly to my site by Todd County with good quality, quantity and pressure. The other residents have many problems that are not "my" problems. They lose water in their long, old distribution system. They must maintain a large staff, equipment (trucks, backhoes, etc.) and supplies to be constantly repairing the old system. They must build, pay for, and maintain numerous very expensive water tanks, none of which are needed to provide me personally with water. Shall I request a rate reduction because I do not use their water tanks?

2) I am being required to purchase a minimum of 20,000 gallons of water each month, notwithstanding that I may only use 2000 gallons. I wish to pay only for the water that I use, no more or no less, like every other resident of our county. They assume that my new line will have to be flushed at times. If they are able to make me pay for 20,000 gallons per month then their costs are covered and I alone can

bear the cost of flushing, unlike every other instance of flushing in the county this year, last year and every year that they have been in business.

3) I am being required to pay for 47 water meters upfront. I have only one house on this property. I wish to purchase one water meter for this house at whatever cost has been approved by Tariff. I personally have built and paid for other water line extensions in Muhlenberg County and have never paid for any water meters upfront. I was never been asked to pay for water meters upfront. My proposed water line extension only reaches the beginning, geographically, of my 100 acre property and could not possibly serve 47 houses. There is no legal expectation or requirement that I ever divide my property into 47, or any other number, of lots.

History.

I was born in Muhlenberg County and have lived here my entire life, except 7 years at the University of Kentucky and Colorado State University and 2 years working in Frankfort. I have owned and operated a small engineering and land surveying company in Muhlenberg County for 40 years. I have served for many years as a board member of the Health Department and have volunteered my time on other public boards.

In and around the year 2000 I bought some properties (completely unrelated to the subject property of this Complaint) that I subdivided and offered for sell. This involved constructing five different water line extensions, each approximately 1000 feet and each serving 10-15 lots. I paid for each of the construction of each of these lines. I never paid for, or was asked to pay for, any water meters upfront. I hired the best contractors that I could find and never received one complaint from the Water District as to the quality of the work, or any complaint on any other matter. My small developments now have 40 or so houses, all of which are paying monthly water payments. These payments have amounted to a sizable income for the Water District over these many years. Additionally, these house are valued at several million dollars and the property tax payments to Muhlenberg County have been substantial. There are several lots which remain unsold, so the economic benefits to the county will grow over time as more house are built. I have been a productive, contributing citizen of Muhlenberg County and am amazed at the obstacles I have encountered from simply connecting my land to the public water system. Water, roads and power are the services most needed by members of our society. For government to deny any of these creates enormous hardships.

I purchased the property that is the subject of this Complaint in 1998. It lies on the south side of Lake Malone and all of the water lines of Muhlenberg Water District are on the north side of the lake. A real problem. I thought there was a reasonable, cost effective solution of running a water line under the lake. The Water District was opposed to this proposal. After many discussions they approved the proposed route and crossing but their engineering consultant required a different underwater crossing technique that obviously made the project economically impossible. I should note that this approved route required coming off of the end of an existing 3" line, a very long 3" line that served only one unfinished house. This water line was entirely within a utility easement, not along a public road. And the route approved for me was entirely within utility easements, not along any public roads. I built a house of my property and drilled a private water well. Sadly, the water was very high in iron and has been a major problem. I stayed in contact with the superintendent of the Muhlenberg Water District, continuing to discuss crossing the lake with an economically feasible method.

A few years passed and Todd County entered into an agreement with Logan County and they greatly improved their water system. Sometime after this I had another discussion with the superintendents of Muhlenberg Water District. They asked me to forget about crossing the lake. They wanted to me come

off of the Todd County system, set a master meter, construct the water line at my expense and they would take me into the Muhlenberg Water District. In my opinion this was a more expensive route, but if this would allow me to get water I would agree. They contacted the Todd County Water District superintendent and worked out the details. Todd County wanted me to use the firm of McGhee Engineering of Todd County. I agreed, paid them \$1800, and presented the completed Plans to the Muhlenberg superintendent. Everything seemed in order. They even suggested a contractor for me to hire to do the construction.

Finally, by agreeing to everything that had been proposed to me and spending \$1800 on Plans, I thought I was going to, like most every resident of Muhlenberg County, have access to good, clean water. Was I wrong.

Soon thereafter I attended a regularly scheduled Board meeting of the Muhlenberg Water District. As I had always had a congenial relationship with superintendents, and I was there to propose what they themselves had proposed to me, I thought it would be a short, happy meeting. Was I wrong. My request for a water line extension was denied.

I was disappointed, but I let the matter rest. A few years later I stopped by the Water Office and asked to speak with the superintendent. To my surprise there was a new man in charge. We had a very pleasant conversation. He stated that he never did understand why my request for water had been denied, and that he was going to look into it. Subsequently, he told me that I could get water. I suggested that he and I meet on the site to discuss the installation. We met. He asked if the gravel road that accessed my property was a county road. I said no, but I had written, recorded, legal utility easements. He said that it was their policy not to go down private roads even if there were utility easements, and I would therefore not be getting approved for a water line extension.

I will point out that my years-earlier approved route that would have crossed Lake Malone would have been entirely within easements, the water line that I would have tied on to was entirely within utility easements, that the three largest developments on Lake Malone have several miles of water lines, all of which are within utility easements and are not along county roads. These arguments were not persuasive.

In 2016 I contacted Ms. Virginia Smith with PSC regarding the easements and the rest of the matters discussed herein. She contacted Muhlenberg Water District and they responded with the letter stating that I could get water, if I agreed to the three stipulations that I have cited in this complaint. Their letter did not mention their earlier contention that I would not be served as long as my property was not on a county road. Perhaps I am okay on that point.

In Conclusion, I am surprised by my treatment at the hands of the Muhlenberg Water District. They have told me:

- 1) That I will not be served because my property is not on a county road, though there are many examples, many more than I cited, of this being done in Muhlenberg County. It is commonplace.
- 2) That I will be charged a higher rate than anyone else;
- 3) That I alone in Muhlenberg County will be charged for a minimum of 20,000 gal/month, regardless of actual usage;
- 4) That I will be charged tens of thousands of dollars to buy 47 water meters up front, even though there is nothing in the Tariff requiring this.

Sincerely,



William C. Hill

Professional Engineer, Retired