



Matthew G. Bevin  
Governor

Charles G. Snaveley  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
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Michael J. Schmitt  
Chairman

Robert Cicero  
Vice Chairman

Talina R. Mathews  
Commissioner

September 26, 2019

## PARTIES OF RECORD

Re: Case No. 2019-00131

The attached correspondence has been filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the correspondence, please do so within five days of receipt of this letter.

If you have any questions, please contact Nancy J. Vinsel, Assistant General Counsel, at 502-782-2582.

Sincerely,

A handwritten signature in blue ink that reads "Gwen R. Pinson".

Gwen R. Pinson  
Executive Director

njv

Attachment



MATTHEW G. BEVIN  
GOVERNOR

CHARLES G. SNAVELY  
SECRETARY

**ENERGY AND ENVIRONMENT CABINET**  
**DEPARTMENT FOR NATURAL RESOURCES**

JOHN D. SMALL  
COMMISSIONER

300 SOWER BOULEVARD  
FRANKFORT, KENTUCKY 40601

September 26, 2019

Michael J. Schmitt, Chairman  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40602-0615

Chairman Schmitt,

Per your request, I am writing to explain the availability of federal Abandoned Mine Land (AML) Economic and Community Development Pilot Program Grant funds for the Master Meter and Service Meter Replacement Project in southern Floyd County. The Southern Water and Sewer District applied for 2019 AML Pilot funds and \$1.5 million has been preliminarily awarded for water infrastructure upgrades to their system.

Based on the amount of awarded AML Pilot funds, the current goal of the Southern Water & Sewer District is to replace 5,600 water service meters for its residential and commercial customers, install a radio read metering system, and replace and install twelve (12) master meters throughout the system to assist in the reduction and monitoring of water sold and water lost throughout the system. The complete replacement of meters on the system is essential to ensure future reliability, measure the amount of water sold, reduce water loss, properly allocate costs, and increase cash flow to the District.

The AML Pilot Grant, from which this project is intended to be funded, likely will not officially be awarded, and available for disbursements, until January 2020 at the earliest. Furthermore, the expenditure of AML Pilot funds requires several levels of approval from our federal oversight agency, the Office of Surface Mining Reclamation and Enforcement (OSMRE), before expenditures from the grant can occur. These levels of approval include the initial vetting approval (i.e. approval of the project concept), National Environmental Policy Act (NEPA) review/approval, and grant sub recipient approval from OSMRE's Grant Team. These federal review/approval stages cumulatively typically take several months, at a minimum, to complete.

In addition to the process mentioned above, all federal grant expenditures made by the AML Program must be in compliance with the Kentucky Model Procurement Code, KRS 45A.

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Chairman Schmitt  
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This process requires the execution of a Memorandum of Agreement (MOA) between the Energy and Environment Cabinet and the Contractor, in this case the Big Sandy Area Development District (on behalf of the Southern Water and Sewer District), to govern the expenditure of grant funds. The MOA for this project has not been implemented yet, and once it is executed, it will require all grant expenditures to occur with the effective dates of the MOA and that all procurement activities associated with the project be in compliance with KRS 45A. The effective "from" date of the MOA is yet to be determined, but it cannot be before the grant is officially awarded to Kentucky – likely sometime after the start of 2020.

As described above, there may be significant delays until the AML Pilot Grant funds can be expended. I hope this information is useful to you in helping to solve the Southern Water and Sewer District's problems. If you have questions, please feel free to contact me.

Sincerely,



Bill Overman  
Assistant Director  
Division of Abandoned Mine Lands  
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