

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

ORDER

On September 22, 2014, the Commission received Cannonsburg Water District's ("Cannonsburg District") Motion to Amend and or Modify the Commission's August 7, 2014 Order. The Commission's August 7, 2014 Order authorized Cannonsburg District to spend \$133,562 for a water loss detection plan from a previously authorized separate interest-bearing surcharge account.¹ The authorization to spend \$133,562 from the separate interest-bearing surcharge account was based on bids filed by Cannonsburg District for labor, installation, and materials for the water loss detection plan.²

Engineering Fees

Cannonsburg District alleges in its motion that the Commission failed to authorize payment for the engineering costs. Attached to Cannonsburg District's motion is a copy of two invoices issued by E. L. Robinson Engineering to Cannonsburg District. One invoice is dated May 9, 2014, with an amount due of \$5,483. The second invoice is

¹ Case No. 2011-00217, *Application of Cannonsburg Water District for (1) Approval of Emergency Rate Relief and (2) Approval of the Increase in Nonrecurring Charges* (Ky. PSC June 4, 2012) at 9.

² *Id.* Letter from Danny Clarkston, Cannonsburg District's General Manager, to Ann Ramser, Staff Attorney, Public Service Commission (filed June 30, 2014).

dated June 10, 2014, with an amount due of \$7,149. The second invoice appears to indicate the first invoice was previously paid in full.

Cannonsburg District did not state in its motion when it previously filed a copy of the two invoices with the Commission or when Cannonsburg District specifically requested authorization to pay the two E. L. Robinson Engineering invoices from the separate interest-bearing surcharge account. The invoices were not previously filed in Case No. 2011-00217 or Case No. 2014-00267.

As Cannonsburg District did not previously request authorization to pay the two E. L. Robinson Engineering invoices from the separate interest-bearing surcharge account, a Motion to Amend and or Modify the Commission's August 7, 2014 Order to include authorization to pay the two E. L. Robinson Engineering invoices is not appropriate. The Commission will not amend the August 7, 2014 Order, but will treat Cannonsburg District's motion as a motion for authorization to pay the two E. L. Robinson Engineering invoices from the separate interest-bearing surcharge account.

E. L. Robinson Engineering invoiced Cannonsburg District \$5,483 on May 9, 2014, for 15 hours of work by a professional engineer and 47.25 hours of work by an engineering computer aided drafting and design ("CADD") technician. Services provided include:

1. Meeting with Danny Clarkston, General Manager of Cannonsburg District, to obtain background information, discuss the project scope, and discuss responses to be provided to Commission Staff's inquiries prior to a scheduled meeting;
2. Attending a meeting with Commission Staff;

3. Reviewing Commission Staff's request for water loss meter maps and bid documents; and

4. Beginning engineering field work with visits to sites for bypass and master meters.³

E. L. Robinson Engineering invoiced Cannonsburg District for \$7,149 on June 10, 2014, for 8.75 hours of work by a professional engineer and 84 hours of work by an engineering CADD technician.⁴ Services provided include:

1. Beginning final design for plans and specifications;

2. Checking and reviewing the plans with Cannonsburg District;

3. Printing multiple sets of plans and specifications for the bidding process;

4. Preparing and submitting the advertisement for bids for publication in the local newspaper; and

5. Providing plans and specifications to contractors and suppliers.⁵

Cannonsburg District also provided documentation from E. L. Robinson Engineering to support the hours billed by each employee. The utility clarified that it had not made any payments towards either of the two invoices.⁶

³ Cannonsburg District's Response to Commission Staff's First Information Request ("Staff's First Request"), Item 4 (filed Oct. 30, 2014, and Nov. 6, 2014).

⁴ The invoice reflects 23.75 hours for the professional engineer and 131.25 hours for the engineering CADD technician. Response to Staff's First Request, Item 5, clarified that the total hours charged included the hours from the May 9, 2014 invoice.

⁵ *Id.*

⁶ *Id.*

In response to Staff's First Request, Cannonsburg District provided information regarding its general financial accounts.⁷ Enough funds exist in Cannonsburg District's unrestricted cash reserves for Cannonsburg District to pay the two invoices, thus retaining funds in the separate interest-bearing surcharge account solely for water loss prevention projects. Because 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.

Attorney Fees

In its September 22, 2014 motion, Cannonsburg District seeks reimbursement of \$800 for attorney fees for filing the motion. Cannonsburg District did not confirm that it seeks authority to pay the \$800 from the separate interest-bearing surcharge account.⁸ The utility did not indicate that it could not pay for the attorney fees from the utility's unrestricted cash reserves.

Cannonsburg District provided a copy of the attorney's invoice on November 6, 2014.⁹ The invoice indicates the amount due is \$800 and covers the period from August 1, 2014, to September 4, 2014.

Monthly Reports

In the Commission's August 7, 2014 Order, ordering paragraph 3 requires Cannonsburg District to file a monthly activity report including a status update on the meter installation and development of the comprehensive unaccounted-for water loss

⁷ Response to Staff's First Request, Items 1-3 (filed Nov. 6, 2014).

⁸ Cannonsburg District did not respond to Item 6.a. of Staff's First Request.

⁹ Response to Staff's First Request, Item 6.b. (filed Nov. 6, 2014).

reduction plan. Three months have passed and Cannonsburg District has not filed any reports that comply with ordering paragraph 3 of the August 7, 2014 Order.

Ordering paragraph 6 of the August 7, 2014 Order requires Cannonsburg District to continue filing the surcharge report and water loss report as set forth in ordering paragraphs 8 and 9 of the June 4, 2012 Order in Case No. 2011-00217,¹⁰ but the reports were to reflect Case No. 2014-00267. Cannonsburg District has continued to file the monthly surcharge and water loss reports but is referencing the incorrect number "1467."

Cannonsburg District filed a surcharge report on October 17, 2014, and included a copy of the September 2014 banking statement for the separate interest-bearing surcharge account. The statement reflects a withdrawal of \$26.90 on September 30, 2014. Cannonsburg District did not explain the purpose of the withdrawal.

On November 17, 2014, Cannonsburg District filed its surcharge report. Although the cover letter indicated the October 2014 bank statement was included, the Commission did not receive a copy of the October 2014 bank statement.

In its monthly water loss reports, Cannonsburg District includes a 2 percent reduction under "water sold" with the explanation that it is for meter loss per the Commission. Cannonsburg District explained that it has been "using the 2% meter loss since 2002 on our water loss reports as per your field representative during an annual inspection. We have no documentation only verbally."¹¹

¹⁰ Case No. 2011-00217, *Cannonsburg Water District* (Ky. PSC June 4, 2012).

¹¹ Response to Staff's First Request, Item 7 (filed Nov. 6, 2014).

Confidentiality

On November 17, 2014, Cannonsburg District filed a surcharge report and included a copy of a check, but failed to redact the bank account number on the check. Bank account numbers are considered confidential and are exempted from disclosure under the Kentucky Open Records Act.¹² Cannonsburg District should redact bank account numbers prior to filing documents with the Commission.

Having reviewed Cannonsburg District's September 22, 2014 motion and being otherwise sufficiently advised, the Commission finds that:

1. Cannonsburg District's Motion to Amend and or Modify the Commission's August 7, 2014 Order should be considered a motion for authorization to pay \$12,632 for engineering services to E. L. Robinson from the separate interest-bearing surcharge account.

2. Cannonsburg District's motion for authorization to pay \$12,632 for engineering services to E. L. Robinson from the separate interest-bearing surcharge account should be granted.

3. Future invoices for engineering services should be paid from Cannonsburg District's unrestricted cash reserves unless Cannonsburg District provides specific information indicating payments for engineering services from the unrestricted cash reserves will create an undue hardship.

4. To the extent that Cannonsburg District is requesting authorization to pay the invoice for attorney fees from the separate interest-bearing surcharge account, the request should be denied. Sufficient funds exist in Cannonsburg District's unrestricted cash reserves to pay the attorney fee invoice.

¹² KRS 61.878(1)(a).

5. Within 20 days of entry of this Order, Cannonsburg District should file an activity report regarding the status of the meter installation and development of the comprehensive unaccounted-for water loss reduction plan. Additional reports should be filed monthly by the 15th of each month.

6. Any report filed by Cannonsburg District related to this case should refer to Case No. 2014-00267.

7. Within 20 days of entry of this Order, Cannonsburg District should explain the September 30, 2014 withdrawal of \$26.90 from the separate interest-bearing surcharge account.

8. Within 20 days of entry of this Order, Cannonsburg District should file a copy of the October 2014 bank statement for the separate interest-bearing surcharge account.

9. Cannonsburg District should cease including an allowance for 2 percent meter loss in its monthly water loss reports.

10. The bank account number on the check included as a part of the surcharge report filed by Cannonsburg District on November 17, 2014, should be afforded confidential treatment.

IT IS THEREFORE ORDERED that:

1. Cannonsburg District's Motion to Amend and or Modify the Commission's August 7, 2014 Order is considered a motion for authorization to pay \$12,632 for engineering services to E. L. Robinson from the separate interest-bearing surcharge account.

2. Cannonsburg District's motion for authorization to pay \$12,632 for engineering services to E. L. Robinson from the separate interest-bearing surcharge account is granted.

3. Unless Cannonsburg District provides specific information to demonstrate that payments for engineering services from the unrestricted cash reserves will create an undue hardship, payments for future engineering services shall be paid from Cannonsburg District's unrestricted cash reserves.

4. To the extent that Cannonsburg District is requesting authorization to pay the invoice for attorney fees from the separate interest-bearing surcharge account, the request is denied. Sufficient funds exist in Cannonsburg District's unrestricted cash reserves to pay the attorney fee invoice.

5. Within 20 days of entry of this Order, Cannonsburg District shall file an activity report regarding the status of the meter installation and development of the comprehensive unaccounted-for water loss reduction plan. Additional monthly activity reports shall be filed monthly by the 15th of each month.

6. Any report filed by Cannonsburg District related to this case shall refer to Case No. 2014-00267.

7. Within 20 days of entry of this Order, Cannonsburg District shall explain the September 30, 2014 withdrawal of \$26.90 from the separate interest-bearing surcharge account.

8. Within 20 days of entry of this Order, Cannonsburg District shall file a copy of the October 2014 bank statement for the separate interest-bearing surcharge account.

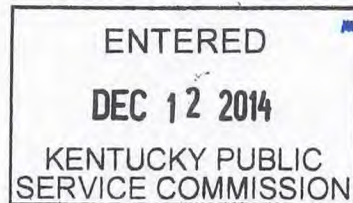
9. Cannonsburg District shall cease including an allowance for 2 percent meter loss in its monthly water loss reports.

10. The bank account number on the check included as a part of the surcharge report filed by Cannonsburg District on November 17, 2014, shall be afforded confidential treatment.

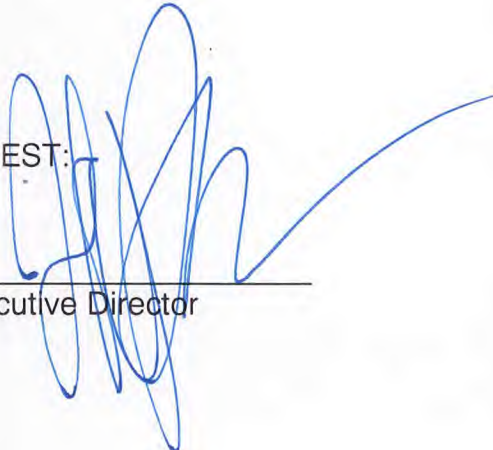
11. The check filed November 17, 2014, shall be removed from the public records and substituted with a copy in which all bank account numbers have been redacted.

12. The Executive Director is delegated authority to grant reasonable extensions of time for the filing of any documents required by this Order upon Cannonsburg District's showing of good cause for such extension.

By the Commission



ATTEST:



Executive Director

Danny R Clarkston
Manager
Cannonsburg Water District
1606 Cannonsburg Road
Ashland, KY 41105

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