

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION INTO EXCESSIVE )  
WATER LOSS BY KENTUCKY'S JURISDICTIONAL ) CASE NO.  
WATER UTILITIES ) 2019-00041

NOTICE OF FILING

Notice is given to all parties that the transcript of the July 17, 2019 Big Sandy Water District hearing prepared by Todd & Associates Reporting, Inc. has been filed into the record of this proceeding.



Gwen R. Pinson  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

DATED           **OCT 07 2019**          

cc: Parties of Record



Transcript of the Testimony of **PSC Hearing**

**Date:** July 17, 2019

**Case:** In Re: Big Sandy Water District

Todd & Associates Reporting, Inc.  
Phone: 859-223-2322  
Fax: 859-223-9992  
Email: [office@toddreporing.com](mailto:office@toddreporing.com)  
Internet: [www.toddreporing.com](http://www.toddreporing.com)

COMMONWEALTH OF KENTUCKY  
KENTUCKY PUBLIC SERVICE COMMISSION

CASE NO. 2019-00041

IN RE:

BIG SANDY WATER DISTRICT

\* \* \* \* \*

HEARING HELD ON:

JULY 17, 2019

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

INDEX

WITNESSES:	PAGE
TESTIMONY OF PAUL THOMAS.....	9-91
TESTIMONY OF JAMES BLANTON.....	92-128
TESTIMONY OF JOSEPH SISLER.....	131-152
TESTIMONY OF TERESA BROWN.....	153-175

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

P R O C E E D I N G S

CHAIRMAN SCHMITT: We are now on the record. This is the Kentucky Public Service Commission. My name is Michael Schmitt. I'm Chairman of the Commission. Vice Chairman Robert Cicero is not with us at the moment, but is in Hearing Room 1 completing the hearing on Rattlesnake Ridge Water District. Seated to my left is Dr. Talina Mathews. We're here this afternoon to take evidence in the Case No. 2019-00041, Big Sandy Water District.

There are two hearings going on today. One that began at 9:00 a.m. this morning involving Rattlesnake Ridge Water District in Hearing Room 1, and of course, it's now a little after 1:00 p.m. in Hearing Room 2. We will begin taking testimony concerning the Big Sandy Water District.

This investigation and the testimony today involves the investigation into excessive water loss by Kentucky Jurisdictional Utilities. In addition to Big Sandy Water District and Rattlesnake Ridge, which is in the other hearing room,

1 are the following water districts: Martin  
2 County Water District, Cawood Water  
3 District, North Manchester Water  
4 Association, Estill County Water District,  
5 Farmdale Water District, West Carroll Water  
6 District, Hyden-Leslie Water District,  
7 Milburn Water District, and Southern Water  
8 and Sewer District.

9 In addition, there are two other water  
10 districts which are part of this overall  
11 investigation, but because they are already  
12 a part of -- or investigations are already  
13 going on in two separate and distinct cases  
14 apart from this one, they were not included,  
15 and those are Martin County Water District  
16 and Cannonsburg Water District.

17 Parties to the present case are, as  
18 forementioned, Big Sandy Water District and  
19 the Office of Kentucky Attorney General, who  
20 has intervened in this case.

21 At this time, would counsel for Big  
22 Sandy Water District please introduce  
23 himself and his client for the record,  
24 together with the identity of any witnesses  
25 who may testify this afternoon.

PSC Hearing  
In Re: Big Sandy Water District

Page 5

1 MR. WUETCHER: Good afternoon, Your Honor.  
2 Appearing on behalf of Big Sandy Water  
3 District, Gerald Wuetcher from the law firm  
4 Stoll, Keenon and Ogden, PLLC, 300 West Vine  
5 Street, Suite 2100, Lexington, Kentucky  
6 40507. I have with me -- pursuant to the  
7 Commission's order I have with me the  
8 chairman of Big Sandy Water District's Board  
9 of Commissioners, Mr. Paul Thomas. I also  
10 have with me Mr. James Blanton, who is  
11 responsible and the most knowledgeable  
12 person regarding the operations of Big  
13 Sandy's distribution system. I believe the  
14 order of July 1 specified Mr. McLane, the  
15 operations manager of the district, to  
16 appear, and in agreement with the counsel  
17 for Commission's staff, we agreed that  
18 Mr. Blanton would appear in his place.  
19 Mr. Blanton has 31 years of experience with  
20 the Big Sandy Water District's distribution  
21 system and is more knowledgeable than  
22 Mr. McDaniel, who just was recently hired by  
23 the district.

24 I also have with me Ms. Teresa Brown,  
25 who is the office manager of Big Sandy Water

1 District, and Mr. Joseph Sisler, who is a  
2 member of the firm Sisler-Maggard  
3 Engineering, PLLC. He has been the engineer  
4 for the water district since its inception.  
5 CHAIRMAN SCHMITT: All right. Thank you.  
6 And for the Office of Attorney General?  
7 MR. McNEIL: Good afternoon. Justin McNeil  
8 on behalf of the Attorney General's Office.  
9 MR. PARK: John Park, staff attorney with  
10 the Public Service Commission.  
11 CHAIRMAN SCHMITT: Since this is, I guess,  
12 an investigation as opposed to a rate case  
13 or any other type of case we usually have  
14 here, the order of taking evidence will be  
15 that Mr. Park, on behalf of staff, will  
16 designate the witness or identify the  
17 witness he'd like to take. He will then ask  
18 questions. Commissioners will have an  
19 opportunity to then question the witness.  
20 Followed by counsel for the Office of the  
21 Attorney General, Mr. McNeil. And then,  
22 Mr. Wuetcher, you'll have an opportunity to  
23 examine the witness if you would like to  
24 cure any errors or to provide any additional  
25 information that you would like to do.

1 I would ask that when Mr. Park  
2 identifies a witness, Mr. Wuetcher, and the  
3 witness is called to the stand, if you would  
4 conduct the initial first five or six  
5 questions of the interrogation to identify  
6 the witness, his or her association with the  
7 water district, and a little background  
8 information. Is that okay?

9 MR. WUETCHER: Yes, sir, that's fine.

10 CHAIRMAN SCHMITT: I would also point out  
11 that this proceeding is being videoed. It  
12 is not being streamed live over the Internet  
13 because the equipment in this room does not  
14 provide that capability. However, it will  
15 appear early this evening, at the latest, on  
16 the PSC's website.

17 Also, as Mr. Wuetcher and Mr. McNeil  
18 know, the video in PSC proceedings is  
19 usually the sole and only official record of  
20 the hearing. In this case, however, we have  
21 also secured the services of a shorthand  
22 reporter who is taking a verbatim transcript  
23 of these proceedings, and that transcript,  
24 along with the video, will constitute the  
25 official record. The video -- the

1 transcript, I'm sorry, once it has been  
2 typed and filed in the record, will be  
3 available to all counsel and to the parties  
4 upon request.

5 So if there's anything else -- oh, I  
6 assume, Mr. Wuetcher, I did not check, but I  
7 assume that notice of this proceeding was  
8 given and that that notification has been  
9 filed in that record?

10 MR. WUETCHER: Yes, Your Honor. Notice was  
11 published on July 4th in the Ashland Daily  
12 Independent, and proof of publication was  
13 filed with the Commission on July 9th.

14 CHAIRMAN SCHMITT: Mr. Park, are you ready  
15 to proceed?

16 MR. PARK: Yes. Mr. Chairman, Staff, we  
17 would first like to question Mr. Paul  
18 Thomas, board chairman.

19 CHAIRMAN SCHMITT: Mr. Thomas, will you  
20 raise your right hand?

21 (Witness is sworn.)

22 CHAIRMAN SCHMITT: Mr. Wuetcher.

23 MR. WUETCHER: Thank you, Your Honor.

24 DIRECT EXAMINATION

25

PSC Hearing  
In Re: Big Sandy Water District

Page 9

1 BY MR. WUETCHER:

2 Q. Good afternoon, Mr. Thomas.

3 A. Good afternoon.

4 Q. Would you please state your name  
5 and business address to the Commission?

6 A. Paul Thomas. I'm not sure what  
7 the address is. It's Big Sandy Water District.

8 Q. Okay. Are you a member of the --  
9 currently a member of the Big Sandy Water District's  
10 Board of Commissioners?

11 A. Yes, sir.

12 Q. And what is your position on the  
13 board?

14 A. I'm the chairman.

15 Q. How long have you been a member  
16 of the board of commissioners?

17 A. I'm not sure exactly, but  
18 somewhere between '81 and '82 is when I came on.

19 Q. Okay. Is it correct that the  
20 district was created around 1981?

21 A. Yeah, it was -- I come on about  
22 two or three years after it was created.

23 Q. So you've been there for pretty  
24 much the entire time that the district has been in  
25 operation?

PSC Hearing  
In Re: Big Sandy Water District

Page 10

1 A. Yes.

2 Q. Okay. How long -- when were you  
3 appointed as chairman of the commission?

4 A. I'm not sure when our previous  
5 chairman resigned. It's probably 15, 16 years ago.

6 Q. Okay. Have you had an  
7 opportunity to -- what's your current occupation?

8 A. Right now I'm retired.

9 Q. Okay. And prior to your  
10 retirement, what was your occupation?

11 A. I worked for AK Steel. I was in  
12 the maintenance department. The last 10 years, I was  
13 supervisor of the maintenance department.

14 Q. And how long has it been since  
15 you retired from AK Steel?

16 A. I retired from AK in '94 and --  
17 took early retirement. And I've worked several other  
18 jobs since then.

19 Q. Okay.

20 A. Not any length of time.

21 Q. Okay. And one final question for  
22 you: Have you had an opportunity to look over the  
23 responses that the water district has submitted to  
24 the Public Service Commission in response to the  
25 Commission's order and staff's request for

1 information?

2 A. Yes, I've looked over most of it.

3 MR. WUETCHER: Okay. With that I'll tender  
4 the witness for examination.

5 CHAIRMAN SCHMITT: Thank you. Mr. Park,  
6 questions?

7 MR. PARK: Yes.

8 CROSS-EXAMINATION

9 BY MR. PARK:

10 Q. Good afternoon, Mr. Thomas.

11 A. Good afternoon.

12 Q. What counties does the district  
13 serve?

14 A. Carter, Lawrence and Boyd.

15 Q. And what -- roughly, what  
16 percentage of customers of the district is in each  
17 county?

18 A. I -- roughly, I don't know, but  
19 the smallest percentage is in Carter County. The  
20 largest percentage is in Boyd County.

21 Q. Boyd County. Is that more than  
22 half the customers roughly?

23 A. I couldn't say for sure, but that  
24 sounds about right.

25 Q. Okay. With a water district

1 serving multiple counties, what authority appoints  
2 your board members?

3 A. The district court of each county  
4 appoints the representatives from that county.

5 Q. And how many representatives do  
6 each of the counties have?

7 A. Boyd County has two, Lawrence  
8 County has two, and Carter County, since it's the  
9 smallest portion, has one.

10 Q. What about Johnson County?

11 A. We don't -- what service we have  
12 in Johnson County is very short.

13 Q. Very minimal?

14 A. Very minimal.

15 Q. And according to a letter from  
16 the Boyd County Attorney, Daniel King, III, dated  
17 December 7, 2018, Boyd County Judge Executive Tower  
18 had appointed a commissioner to fill a vacancy  
19 created by the expiration of Mr. Larry Shockey's  
20 term, but the county commissioners had not voted to  
21 confirm that appointment. And the Public Service  
22 Commission has opened case 2019-00187 to investigate  
23 the vacancy. Are you aware of the situation?

24 A. Yes.

25 Q. Who did Judge Tower appoint and

1 why do you think he was not confirmed?

2 A. Gerald Blanton was the man that  
3 he was trying to appoint, and the magistrates did not  
4 go along with that one so they voted it down.

5 Q. Do you know if that was for  
6 personal reasons, political reasons, or concerns  
7 about his qualifications?

8 A. I have no idea.

9 Q. Okay. And the letter from the  
10 county attorney says that Judge Tower was not  
11 re-elected; is that correct?

12 A. That's correct.

13 Q. And who is -- who is the new  
14 county judge executive?

15 A. Chaney. I don't know what his  
16 first name is.

17 Q. How closely are officials from  
18 the counties the district serves involved in the  
19 operations of the district?

20 A. Not at all.

21 Q. How about in the management?

22 A. No.

23 Q. Do they take an interest in -- do  
24 they come to board meetings, do county commissioners  
25 come --

1 A. No.

2 Q. Do they have any input in  
3 selecting capital projects, infrastructure projects?

4 A. No.

5 Q. Do they put any pressure on the  
6 board to provide service to people who are not  
7 receiving it or extend service lines to specific  
8 areas?

9 A. We had -- Lawrence County judge  
10 has requested that we look at areas before.

11 Q. And do the counties have any  
12 input in decisions to make applications to adjust  
13 rates?

14 A. No.

15 Q. How about do they have any input  
16 in the district's decision whether to pursue project  
17 financing or to incur any indebtedness?

18 A. No.

19 Q. Now, we had -- we had one case  
20 that was a gas case, but the situation was the new  
21 mayor had campaigned against higher water rates. Of  
22 course, when he got into office he realized the  
23 situation was the gas side. But I'm just wondering  
24 if water rates have been an issue in any political  
25 race, local political races, that you're aware of?

PSC Hearing  
In Re: Big Sandy Water District

Page 15

1           A.           Not that I'm aware of.

2           Q.           And how many members currently

3   serve on the board?

4           A.           There's five of us.

5           Q.           There's five and one vacancy or

6   four and one vacancy?

7           A.           Well, they call it a vacancy, but

8   according to PSC rules, if he's not reappointed, he

9   continues to serve until he is reappointed, so

10   basically we have five.

11          Q.           Okay. Who serves as treasurer of

12   the district and what is his background or her

13   background?

14          A.           It's Larry Shockey, he's retired

15   from Special Metals, so he's retired, has been for

16   quite a few years.

17          Q.           And he's the board member whose

18   term expired and --

19          A.           No, that's Larry Shockey is the

20   one that the term expired.

21          Q.           Okay. And I'm sorry, what's the

22   name of the treasurer?

23          A.           Charlie Shockey.

24          Q.           Are they related?

25          A.           They're brothers. One represents

1 Lawrence County and the other one, Boyd County.

2 Q. What training do the district's  
3 board members receive for their -- for their role?

4 A. Well, we attend trainings, a  
5 minimum six hours every year, whether it's put on by  
6 PSC or whether it's Kentucky Rural Water. It just  
7 depends on who's available when it's presented.

8 Q. Does the district consider any  
9 additional training besides this minimum level for  
10 its commissioners?

11 A. No.

12 Q. What about for its employees? I  
13 know the -- what sort of training does the district  
14 provide for them?

15 A. For those who have licenses, we  
16 insist that they go get the continuing education they  
17 need to maintain their license. We encourage the  
18 others who do not have a license to train for it and  
19 study, and we've offered to send them, but no one has  
20 taken us up on it, and you can't force a man, so --

21 Q. Is spending for training  
22 something that's approved on a case-by-case basis or  
23 is there a budget item for that?

24 A. I don't remember seeing a budget  
25 item on our thing, but that's something that we've

1 encouraged. So if you're going to encourage it,  
2 you've got to pay for it.

3 Q. In your opinion, do the board  
4 members collectively have the necessary training and  
5 expertise and background to manage the district  
6 finances --

7 A. Yes.

8 Q. -- and maintain its long-term  
9 viability?

10 A. Yes.

11 Q. Regarding the staffing of the  
12 district, in the discovery response the district  
13 indicated it did not have a general manager; is that  
14 still the case?

15 A. That's still the case.

16 Q. And how long has that been the  
17 case?

18 A. Twelve, 15 years.

19 Q. Oh, really? Okay.

20 A. Yeah.

21 Q. Who supervises the employees?

22 A. The field manager manages those  
23 on the outside and then our office manager manages  
24 those in the office.

25 Q. Has that arrangement worked well,

1 in your opinion, for the district?

2 A. It has so far.

3 Q. Has the board considered hiring a  
4 general manager?

5 A. No.

6 Q. No, it's not something the board  
7 is considering?

8 A. No.

9 Q. Do you think it would have any  
10 benefit to have one person in charge?

11 A. I can't see the advantage of it  
12 right -- the way things are going right now, our  
13 office manager and our general manager work together  
14 well. They communicate well. Each knows what's  
15 going on from the other's side, so --

16 Q. You feel like they each have  
17 clearly delineated roles and responsibilities?

18 A. Yes.

19 Q. Are they spelled out in any sort  
20 of job description or internal --

21 A. Yes, we have job descriptions.

22 Q. And where would these be? Would  
23 these be in a stand-alone document or a personnel  
24 manual or --

25 A. I think they're in a personnel

1 manual, but I'm not sure.

2 Q. Okay. And other than the general  
3 manager -- well, I guess that position is not really  
4 vacant because you're not looking to fill it. Are  
5 there any current vacancies on the staff for the  
6 district?

7 A. Not on the staff, no.

8 Q. Do you have any issues with  
9 maintaining a competent staff, as far as turnover,  
10 being able to hire -- finding qualified people?

11 A. We've had some problems finding  
12 people that was willing to work and it's not been an  
13 issue. We've -- we've got some good people.

14 Q. In discovery responses,  
15 specifically in response to the second set, staff's  
16 set dated May 3rd, in response to Questions 9 and 10,  
17 the board states it has considered hiring an outside  
18 expert witness to assist in water loss reduction  
19 efforts. District's response also states that an  
20 employee dedicated to leak detection would be a  
21 worthwhile investment and a benefit.

22 And my question is: Has the district  
23 looked into the cost of either hiring a stand-alone  
24 person or an outside consultant on the leak detection  
25 focus?

PSC Hearing  
In Re: Big Sandy Water District

Page 20

1           A.           It has been discussed but nothing  
2 was decided.

3           Q.           So the -- there was no estimate  
4 of what it would cost the district --

5           A.           No.

6           Q.           -- what you have to do to pay for  
7 it?

8           A.           No.

9           Q.           Is that something that you  
10 anticipate the board will look at in the future --

11          A.           More than likely.

12          Q.           -- if needed? And who are the  
13 district's wholesale suppliers?

14          A.           We purchase water from Kenova,  
15 West Virginia, Ashland Water District, Louisa Water  
16 District, and we purchase a little bit from  
17 Rattlesnake Ridge.

18          Q.           And do you have a written  
19 contract with each supplier?

20          A.           Yes.

21          Q.           Are they all on file and up to  
22 date with the Commission?

23          A.           Yes.

24          Q.           And does the district purchase  
25 water from the Cannonsburg Water District?

1           A.           We have. It's not -- the way  
2 we're set up, if we have a problem getting water to  
3 our Rushfield tank, then we'll purchase water from  
4 Cannonsburg. I had forgot about them.

5           Q.           What about Paintsburg?

6           CHAIRMAN SCHMITT: Paintsville.

7           Q.           Paintsville rather.

8           A.           Paintsville. Well, we've been  
9 promised that in an emergency we can get water from  
10 them, but that hasn't happened yet.

11          Q.           Is there a contract in place?

12          A.           We have an agreement, yes.

13          Q.           Would that be the Emergency  
14 Supply Agreement of June 21, 2004; does that sound  
15 right?

16          A.           That sounds about right.

17          Q.           That is not on file with the  
18 Commission, so if it's still an active contract it  
19 should be placed on file.

20                 The contract allows for water to be  
21 supplied between the parties in the event one has an  
22 emergency and needs water supply. The rate of the  
23 contract is a \$2 per thousand gallons, which is less  
24 than what it would cost Big Sandy to purchase it  
25 elsewhere.

1           Is the district aware of this, and do you  
2 think it's appropriate to perhaps amend this contract  
3 to reflect any sale that would actually cover Big  
4 Sandy's cost?

5           A.           Yes, it probably should be.

6           Q.           And Cannonsburg was the other  
7 emergency contract?

8           A.           Yes.

9           Q.           Do you know what the emergency  
10 rate is on that?

11          A.           It's in the rate schedule, but  
12 right off the top of my head I couldn't tell you.  
13 But I do know that it's a little bit higher than  
14 Ashland and all the rest of them.

15          Q.           Okay. Your testimony, though, is  
16 the district has not had to purchase a lot of water,  
17 if much at all, through the emergency contracts?

18          A.           With Paintsville, no, we've  
19 never -- the one time that we tried to use it,  
20 there's a stipulation, if they could supply, and they  
21 told us they could not supply, so we did without.

22          Q.           You did not. How are rates --  
23 wholesale prices set with the suppliers?

24          A.           Through mutual agreements and PSC  
25 rules.

1 Q. Who is your biggest supplier?

2 A. It should be about equal between  
3 Cannonsburg -- not Cannonsburg, but Ashland and  
4 Kenova.

5 Q. Kenova?

6 A. Yeah.

7 Q. Is the district's -- all the  
8 district's distribution system connected?

9 A. Yeah, pretty well.

10 Q. Okay. And what about the master  
11 meters at the purchase points? In the past there's  
12 been some issue of the suppliers providing results  
13 from testing those meters; is that correct?

14 A. Ashland, when it comes time to  
15 test their master meter, they do not test it. They  
16 buy new internal parts and replace the internal  
17 meter. And they have never, to my knowledge,  
18 conveyed that that meter that they removed was tested  
19 to see if it was within specs or not.

20 Q. When the meter is rebuilt, if you  
21 will, is it tested at that point?

22 A. I don't know. They never -- they  
23 never tell us what they do with their meter. The  
24 only thing they tell us is that they changed out the  
25 master meter and that they've got a new meter in it

1 that --

2 Q. Does the district have a right  
3 under it's supply contract with Ashland to demand  
4 those test results?

5 A. We've discussed that, and I don't  
6 think there is a provision in there to demand that,  
7 but there probably should be. And that's one of the  
8 changes that we feel like we need to make.

9 CHAIRMAN SCHMITT: May I ask a question?  
10 This is -- I can't recall, but has Ashland  
11 raised or attempted to raise its wholesale  
12 water rate to Big Sandy within the last 12  
13 months?

14 THE WITNESS: We have a water contract that  
15 expires -- I'm not sure when it expires, but  
16 once that expires, the contract rate will go  
17 up. They have tried to raise Cannonsburg's  
18 Water District rates, which would flow over  
19 to us.

20 And they -- my understanding is that  
21 they did it arbitrarily without doing a rate  
22 study, and a suit was filed to try to get  
23 them to do a rate study to prove that this  
24 increase needed to be. And the last word I  
25 had from Ashland was everything is on hold.

1 CHAIRMAN SCHMITT: Yeah, they filed -- I  
2 guess, Cannonsburg contested it.

3 THE WITNESS: Yes.

4 CHAIRMAN SCHMITT: It was a case before this  
5 Commission, and at that point in time, also,  
6 the question was raised about the same  
7 meter. And just so you'll know, if that  
8 issue isn't resolved, perhaps you ought to  
9 consider contesting that rate because at  
10 some point we were told by a gentleman who  
11 considers himself an expert in some other  
12 case we had here a few weeks ago -- and I  
13 assume he's been employed by Ashland that --  
14 they were going to refile or basically try  
15 to raise their rates again.

16 You might want to raise that issue  
17 because we're going to deal with that meter  
18 problem once and for all when it comes  
19 through. Because I think Cannonsburg told  
20 us that they had asked and they had been  
21 refused any information about the accuracy  
22 of that meter. And, obviously, that's  
23 something that's not fair to you or  
24 Cannonsburg.

25 THE WITNESS: Right.

1 CHAIRMAN SCHMITT: Okay. Go ahead.

2 BY MR. PARK:

3 Q. What about the master meters at  
4 the purchase points with Kenova and Louisa; are they  
5 tested regularly and records --

6 A. They're tested regularly and we  
7 get the results from those tests.

8 Q. And has there ever been an  
9 accuracy problem with those master meters?

10 A. I couldn't tell you for sure. I  
11 don't look at those.

12 Q. Who would review -- who would be  
13 responsible for reviewing those on behalf --

14 A. That would be our manager, which  
15 at that time would be Jimmy Blanton.

16 Q. And when you say manager, you  
17 just mean operations manager, field manager?

18 A. Yes.

19 Q. Okay. Would you describe in  
20 general terms the general financial condition of the  
21 district and how it has changed in the last five  
22 years?

23 A. Expenses have gone up and our  
24 bottom line has gone down. We've had some  
25 emergencies that has cost us money and, of course,

1 the leak cost us money. So our -- our overall income  
2 has declined.

3 Q. Net income?

4 A. Net.

5 Q. What about gross revenue, has it  
6 stayed about the same or --

7 A. It's stayed about the same.

8 Q. Sales?

9 A. Customers will go up, customers  
10 will go down, but it stays pretty well an even  
11 average.

12 Q. You mentioned -- or you referred  
13 to some emergencies that cause some extraordinary  
14 expenditures. What emergencies are you referring to?

15 A. Well, the first one we had was  
16 the river crossing. We lost one of the lines coming  
17 across from Kenova that feeds us. So we had to have  
18 another line installed so that we could get enough  
19 water to keep our customers going, and that was a big  
20 expense that we had to pay out of pocket. Of course,  
21 that's been several years ago now. That's been,  
22 what, the last five -- four years ago. Time flies.  
23 I have trouble keeping up with when.

24 Another example is just two or three months  
25 ago we lost a creek crossing completely. So we had

1 to do a directional bore to re-establish water to our  
2 customers on the other side. The creek was up, it's  
3 too wide to do any other way, so we did a directional  
4 boring, so --

5 Q. And when was -- when was that?

6 A. It's three -- three or four  
7 months ago. That was -- that cost us \$74,000.

8 Q. In addition to the --

9 A. If I remember correct.

10 Q. The -- are there any other  
11 emergencies or events that you constitute  
12 emergencies?

13 A. Yeah, we've had a pump station  
14 that was deteriorating on us that we had to redo, and  
15 we had several -- nothing -- I won't say big big, but  
16 we've had a lot of things that we've lost, pumps.  
17 We've lost motors. We've lost Toshiba drives, and  
18 they're not cheap either, but you have to have them.

19 Q. In addition to these emergency  
20 events or emergency expenditures and the cost of lost  
21 water, are there any other things contributing to the  
22 increase in the expenses over the last five years,  
23 any major categories?

24 A. No major categories that I  
25 remember right now.

1 Q. What is the process for the  
2 district to prepare an annual budget?

3 A. Our secretary/office manager goes  
4 through the spreadsheets for the previous year and  
5 she adds them all up. If anything has changed  
6 greatly, she will note that increase, but usually she  
7 puts, I think it's a 5 percent increase on each line  
8 item, unless it is something that has reached out and  
9 bit us before, and she'll increase it even more.

10 Q. And what is -- does she have a  
11 financial background or what is her background and --  
12 strike that.

13 Are you referring to Teresa Brown?

14 A. Yes.

15 Q. Does she have a financial  
16 background that you're aware of?

17 A. I don't know. I never pried into  
18 her background. She was hired, I don't know how many  
19 years she has there, but 12 or 14 years as the  
20 financial.

21 Q. Okay. In your opinion, do you  
22 think that all the current board members take the  
23 issue of water loss seriously enough?

24 A. Yes. We discuss it every week  
25 and we try to figure out ways or what we need to do,

1 and we have implemented some things that has helped  
2 us find leaks. But to be honest with you, we've  
3 reached the point where we don't know where else to  
4 turn, know where else to go. We've put in valves.  
5 We've put in bypass meters. The guys have gone out  
6 at night, sounded valves. If there's a snow on, they  
7 walk the lines to see if there's any places where the  
8 snow has melted, because if it is, we know that water  
9 is coming up. They've walked the lines other times  
10 looking for leaks. But if the leak doesn't come to  
11 the top of the ground, you can't find it. And with  
12 the topography of our area, a lot of times the leaks  
13 go down instead of coming up.

14 Q. You mentioned meetings on a  
15 weekly basis, is that --

16 A. Monthly.

17 Q. Monthly.

18 A. Our monthly meetings.

19 Q. The district did file, on  
20 July 15, minutes of board meeting minutes, and just  
21 had a chance to go through there quickly, and there  
22 does seem to be -- every month there's some reference  
23 to a review and discussion of a water loss report.

24 A. Yes.

25 Q. There's not any detail provided.

1 Could you please describe a typical board discussion  
2 of a water loss?

3 A. Well, we talk to our manager to  
4 find out what has taken place during this previous  
5 month, what leaks he's had and where. And we talk  
6 about where we might need to put in a bypass meter to  
7 isolate more areas. It's just a general discussion  
8 on what we need to do and can do. And sometimes  
9 there's things that come out of it that's implemented  
10 by our manager. Other times we just have to throw up  
11 our hands because we don't know what to do.

12 Q. Is this where potential long-term  
13 solutions would be discussed or is there some sort  
14 of -- more of a strategic plan?

15 A. Both. Both.

16 Q. Okay.

17 A. One thing that we've discussed  
18 and we're hoping will make a difference is the  
19 replacement of the BlueMax, which I'm sure --

20 Q. We will get into that, yes.

21 Can you describe how the water loss affects  
22 the -- impacts the district financially?

23 A. Well, if we don't have the money  
24 coming in, we can't buy the things we need to keep it  
25 going. So it affects us in many ways.

1 Q. Has the impact from the loss of  
2 water financially been getting worse for the district  
3 over the last five years?

4 A. Oh, yes.

5 Q. And if you would refer to Big  
6 Sandy's July 15, 2019 filing, it's titled Notice of  
7 Compliance with the Commissions Order of July 1.

8 MR. WUETCHER: If I may assist the witness.

9 MR. PARK: Specifically, I'm going to refer  
10 to Tab 3.

11 Q. All right. And this document is  
12 called Determination of Excessive Water Loss Costs,  
13 and indicates that the cost to the district of lost  
14 water in the excess of that 15 percent threshold is  
15 \$328,351.98; is that correct?

16 A. That's what this paper says.

17 Q. And that's for 2018?

18 A. Yes.

19 Q. On the right side of the  
20 document, the right column there is one line for  
21 average cost of water per thousand gallons is \$2.85;  
22 do you see that?

23 A. Uh-huh.

24 Q. Since the district purchases from  
25 multiple suppliers with multiple purchase prices, do

1 you know how that was calculated?

2 A. No, I don't. I assume that she  
3 took the average of --

4 Q. That would have been Ms. Brown?

5 A. Yes.

6 Q. Okay.

7 A. Took --

8 Q. We won't speculate.

9 A. Yeah.

10 Q. Okay. In discovery responses in  
11 this case, the district stated that it doesn't have  
12 either a water loss detection plan or a water loss  
13 reduction plan. Is that still the case or is the  
14 board considering a formal plan of any sort?

15 A. We don't have a formal plan, no,  
16 but we've discussed various things, various things we  
17 can do. We've purchased more valves -- we've  
18 purchased 58 more valves, which is another one of  
19 those expenses that we've put out. We've got 23 of  
20 them in the ground. Some of them were -- will have  
21 bypass meters, others are just to isolate so that we  
22 can isolate a branch, say, no, the leak is not down  
23 this branch, it must be over here. So we're not --  
24 contrary to what some people may think, we're not  
25 sitting here doing nothing.

1 Q. Do you think it would be --  
2 strike that.

3 Do you think it would be any benefit for  
4 the district to formalize its plan and set priorities  
5 and metrics to track to see how the board is  
6 progressing to address the problem?

7 A. Well, we've set priorities.  
8 We've told our manager we need those valves -- the  
9 remainder of the valves in the ground as soon as we  
10 can. But between leaks and other things, they  
11 just -- sometimes they just don't have time to do  
12 anything.

13 Q. So it's reactive to the problem  
14 that comes up that day?

15 A. Yeah. Yeah. When you've got a  
16 line break, the first thing you got to do is go fix  
17 it.

18 Q. Restore services?

19 A. Restore services, get that  
20 customer back in water, stop whatever loss is being  
21 created there. And when you do that, then what you  
22 had planned to do that day is set aside.

23 Q. Is there any board member or  
24 staff member that is sort of the designated point on  
25 the district's effort to reduce water?

1 A. No.

2 Q. Who's in charge of --

3 A. No.

4 Q. The district's last rate case or  
5 last case that was not a purchase water adjustment  
6 was an ARF case in 2012, Case No. 2012-00152. Before  
7 this case, do you know when the district's last rate  
8 case was, excluding the RD financing cases and the  
9 purchased water adjustment cases?

10 A. Not right off, but I know it's  
11 been several years.

12 Q. Is there a process the board  
13 follows to decide when it is necessary to seek an  
14 adjustment of rates?

15 A. I don't say there's a policy. We  
16 just --

17 Q. More of a practice?

18 A. More of a practice, yeah.

19 Q. What is that practice?

20 A. Well, we look at income and where  
21 we're going, and try to figure out if we need to  
22 raise the rates. But usually we're in a project  
23 which automatically raises our rates at the end of  
24 the project, and that has been sufficient so far.

25 Q. Having rate adjustments through

1 these financing projects?

2 A. Yes. The one rate case that you  
3 talked about was -- we went a spell without any  
4 projects so we had to do something. We were -- we  
5 were losing money, and that was the only way we could  
6 come up with getting money, was to do a rate study.

7 Q. Do you find the rates that  
8 come out -- these adjusted rates that come out of  
9 these financing proceedings, are they sufficient to  
10 cover not only the debt service but to fund your  
11 depreciation reserve account and cover all the  
12 expenses associated with that project?

13 A. They have so far.

14 Q. And how do you know that?

15 A. Just past history.

16 Q. Is it something the board tracks  
17 on a project basis to make sure it's paying for  
18 itself?

19 A. Yeah.

20 Q. And since the case in 2012, has  
21 there been any consideration of the board of going  
22 back to the Commission for another rate adjustment?

23 A. No, because we're -- we're in a  
24 project right now that will be a rate increase within  
25 the next few months.

1 Q. And we'll get into that project,  
2 but is there any firm timeline for getting in here,  
3 or is that dependent on when the financing  
4 application is considered?

5 A. Applications -- my understanding  
6 is that the application has already been sent to  
7 Atlanta.

8 Q. Okay. And so basically the board  
9 is waiting to hear on that before it goes back?

10 A. Yes.

11 Q. Waiting for the agreement?

12 A. Yes.

13 Q. Big Sandy has two different --  
14 two divisions with differing rates; is that correct?

15 A. Yes.

16 Q. Does the district have any plans  
17 for consolidating those rates at any point?

18 A. When you say two different rates,  
19 you're talking about commercial and residential?

20 Q. It's my understanding there were  
21 two separate sections of the system that had  
22 different rates. I guess it's the Overland  
23 development?

24 A. Overland.

25 Q. Okay.

PSC Hearing  
In Re: Big Sandy Water District

Page 38

1           A.           That has been fully absorbed and  
2 they're now at our current rates.

3           Q.           They're at your current rates  
4 now?

5           A.           Yes.

6           Q.           Does the board have a process or  
7 a practice it goes through before it incurs debt?

8           A.           Yes. We discuss it and decide  
9 whether we need to do it or not; and if so, why and  
10 vote on it.

11          Q.           And is the board aware that it's  
12 required to get Commission approval for any debt more  
13 than two years?

14          A.           Yes.

15          Q.           Okay. And I mentioned that  
16 because we did note in the fiscal year 2017 audit,  
17 which was provided with response to Question 41 of  
18 the first set of discovery, there's a reference to a  
19 purchase of a Kubota excavator for \$59,970 on a loan  
20 for payments over a 48-month period.

21          A.           Yes.

22          Q.           So was Commission approval  
23 obtained to incur that debt?

24          A.           I'm not sure.

25          Q.           Commission staff conducted a

1 periodic inspection of the district's water system in  
2 June of 2015. When Commission staff comes and does  
3 an inspection of the system, is that something that  
4 is made known to the board and the results discussed  
5 with the board?

6 A. Yes.

7 Q. And in its staff report dated  
8 October 8th, 2015, staff cited the district for not  
9 testing meters at the required intervals. In its  
10 response dated November 20, 2015, the district states  
11 that since the inspection, it hired additional  
12 employees and had changed out 200 meters, and that it  
13 lacked the funds to purchase all new meters, instead  
14 tests the meters after it pulls them out.

15 What have the tests of the meters that have  
16 been pulled out revealed about the average accuracy;  
17 has any errors either way been identified in trends?

18 A. I don't know.

19 Q. Who would know that?  
20 Mr. Blanton?

21 A. Yes.

22 Q. And the district's response also  
23 states that it hoped to be compliant with meter  
24 testing requirements by the summer of 2016. Is that  
25 a target that the board would have discussed?

1 A. Yes.

2 Q. And approved?

3 A. Yes.

4 Q. And did the district achieve  
5 compliance with the meter testing requirements by the  
6 summer of 2016?

7 A. I don't remember, but probably  
8 not, because we're out of compliance right now with  
9 the meters.

10 Q. Would the board have tracked  
11 progress on meeting that deadline?

12 A. No, we didn't.

13 Q. And the response to that 2015  
14 inspection also indicates there was a problem with  
15 some of the radio read meters not working.

16 A. I'm not aware of that.

17 Q. Is that for Mr. Blanton, a  
18 question for Mr. Blanton?

19 A. Yes.

20 Q. And in its report, in October of  
21 2015, the staff raised concerns about the increasing  
22 levels of water loss, and directed the district to  
23 make efforts to locate and fix those leaks. In  
24 response, the district identified the problem as  
25 being related to the BlueMax service lines which you

1 referenced.

2 A. Yeah.

3 Q. And stated that the district was  
4 working with an engineer to get cost estimates to  
5 replace them.

6 A. Yes.

7 Q. And who was the engineer?

8 A. Sisler and Maggard or Maggard and  
9 Sisler, however they --

10 Q. And they've been your engineering  
11 firm for as long as the district's been around?

12 A. Yeah.

13 Q. Do you know if cost estimates  
14 were obtained following the 2015 inspection or do you  
15 recall when they were first obtained?

16 A. I'm not sure when they were  
17 finalized. Joe has --

18 Q. The engineer?

19 A. -- the engineer's report on that.

20 Q. Commission staff conducted  
21 another periodic inspection in 2017, and in the staff  
22 report dated June 9, 2017, the district was cited for  
23 having water loss of 32.77 percent, and, again, for  
24 having meters in service that had not been tested  
25 within the required ten-year interval.

1           Again, the district stated that the board  
2 had authorized -- in its response of July 7, 2017,  
3 that the board had authorized the replacement of the  
4 BlueMax services lines, but it was uncertain when  
5 this would be done. Do you recall the board taking  
6 the vote to replace the BlueMax lines --

7           A.           Yes.

8           Q.           -- in 2017?

9           A.           Yes.

10          Q.           And what efforts did the board  
11 take, that you can recall, in 2017 to pursue  
12 replacement of the BlueMax lines?

13          A.           With our engineer firm, told him  
14 to start making a project for that.

15          Q.           To replace those service lines?

16          A.           Yeah, because we knew it was  
17 going to be -- it was not going to be something that  
18 we could pay for out of general funds.

19          Q.           How would the board have  
20 communicated this directive to its engineers?

21          A.           Explained what we wanted.

22          Q.           Did they attend the board  
23 meetings or --

24          A.           Most of them.

25          Q.           Okay. Staff also -- after it

PSC Hearing  
In Re: Big Sandy Water District

Page 43

1 received the district's response dated July 7, staff  
2 directed the district to provide a timeline for  
3 replacing the lines and bringing the meters into  
4 compliance, the district stated that it -- in  
5 response, that it had purchased 100 new meters, and  
6 anticipated changing out all meters that were 10  
7 years old by August 20, 2017, so that's a new target  
8 if you will.

9 A. Yes.

10 Q. Do you recall the board  
11 considering that?

12 A. I remember us purchasing the  
13 meters, yes.

14 Q. Do you recall the revised target  
15 date of August 20, 2017, to bring the meters into  
16 compliance?

17 A. No, I don't, that's beyond my  
18 memory.

19 Q. Okay. And would Mr. Blanton have  
20 been the individual responsible for dealing with  
21 commission staff on these inspection issues?

22 A. Yes.

23 Q. Would he have been the person  
24 responsible for preparing the district's official  
25 response?

1 A. Yes.

2 Q. And I note that the response was  
3 dated July 25, 2017, and the target for completing  
4 bringing the meters into compliance was less than a  
5 month later. Do you think that's a realistic time  
6 period for the meters -- for the district to have  
7 given staff?

8 A. I don't know how many meters was  
9 out of compliance, so --

10 Q. Okay. I'll ask Mr. Blanton. In  
11 its response, staff also included a letter from the  
12 engineering firm of Sisler-Maggard, stating it had  
13 submitted to RD an application on behalf of the  
14 district for funding for a project including \$375,000  
15 for replacement of 750 service lines. And those  
16 would have been the BlueMax lines; is that correct?

17 A. Yes. Yes.

18 Q. There's information in KAR's  
19 Water Resource Information System Database on a Big  
20 Sandy Water District project called the Scattered  
21 Site Water Service Line Replacement Project. Is  
22 that -- does that pertain to this project we're  
23 talking about that includes the service line  
24 replacement?

25 A. I assume it does. You would have

1 to ask Joe that for sure.

2 Q. All right. It indicates the  
3 project includes replacement of 750 service lines?

4 A. Yes.

5 Q. Varying length from 50 to  
6 900 feet. Consists of BlueMax pipe installed for two  
7 line extensions in the 1980s. So that does sound  
8 like the same --

9 A. It sounds like the --

10 Q. Is the district confident that it  
11 knows where all the BlueMax pipe is that it has in  
12 its system?

13 A. What we're not confident about is  
14 which ones we've already had to replace. We know a  
15 lot of them that we've already replaced, but we're  
16 not 100 percent sure so they will have to dig down  
17 and check and see.

18 Q. Would those sections have been  
19 replaced in response to a previous leak repair effort  
20 or part of a leak repair effort?

21 A. Yes. Yes.

22 Q. When a work order is done for a  
23 job to fix a leak, is that information put -- is that  
24 information kept as far as location of the leak?

25 A. Yes.

1 Q. And there's a project description  
2 on the WIRS database which states for this project it  
3 is crucial that the district conserve as much water  
4 as possible for conservation and economics of  
5 purchasing water that is bought and never consumed.  
6 During drought events, such as the area water  
7 shortage in the winter of 2015, high water loss,  
8 taxes, all the supplies, also by reducing water loss  
9 in the distribution system, the district can provide  
10 customers with safe drinking water at affordable  
11 rates. Do you agree with this statement?

12 A. Yes.

13 Q. Have you ever heard it before?

14 A. Yes.

15 Q. And do you know who drafted it?

16 A. I think that Bob McLaughlin  
17 drafted it.

18 Q. And who is he?

19 A. He was the -- was at that time,  
20 probably, chairman of the board, and then he changed  
21 from chairman of the board to general manager.

22 Q. General manager of --

23 A. Of the Big Sandy Water District.

24 Q. I'm sorry. I'm confused. Could  
25 you state this individual's name again?

1 A. Bob McLaughlin.

2 Q. And when was he chairman?

3 A. He was chairman when I come on  
4 the board, that was in early '80s.

5 Q. Okay. I was referring -- what I  
6 read was in the project description for this current  
7 project that's being under discussion.

8 A. Oh, okay. Well, I know that  
9 we've got a policy -- I knew it didn't sound exactly  
10 the same as he had wrote for dry times and so forth,  
11 because I kept waiting for you to say something about  
12 car washes and you didn't.

13 Q. But that it sounded familiar, you  
14 think perhaps it might be from a water shortage plan  
15 or --

16 A. Yeah, we've got a -- or had, I  
17 don't know where it's at now, but a water shortage  
18 plan in case of prolonged drought, people are  
19 notified not to water their lawns and car washes are  
20 shut down and things like that.

21 Q. And according to the cost  
22 estimate provided by the engineering firm and WRIS  
23 data, total project financing is \$2,022,000. How  
24 does that break down in terms of a grant versus loan?

25 A. I can't give you the exact

1 figures, Joe could.

2 Q. Okay.

3 A. I think it was, what, 700 and --  
4 I'm thinking it was 750-some thousand of grant money,  
5 but don't quote me on that.

6 Q. Okay. Subject to check?

7 A. Yeah.

8 Q. The estimate states that it  
9 includes an applicant cash contribution of \$88,000.  
10 Are you familiar with the requirement that there be  
11 an applicant contribution?

12 A. Yes.

13 Q. And what would be the source to  
14 make this contribution?

15 A. We've already made it. The  
16 engineering fees, the stream project, that was part  
17 of that, so we've already paid for it.

18 Q. The stream project that you had  
19 to do on an emergency basis was going to be part of  
20 this?

21 A. Yes, that was \$74,000.

22 Q. And that's considered part of  
23 your applicant contribution?

24 A. Well, that and other stuff that  
25 we have bought at the -- when it's all said and done,

1 there's several things that we've paid for that we'll  
2 be reimbursed for, and Joe has the exact figures on  
3 what that will be. I've got a number in my head, but  
4 I hesitate to throw it out.

5 Q. And of the total amount in the  
6 cost estimate, \$500,000 is committed to water loss  
7 improvements, it looks like 236,000 for pump station  
8 upgrades and relocation, 700,000 for tank  
9 maintenance, and 224,000 for an office building. And  
10 how were these projects selected?

11 A. Well, you know how the BlueMax  
12 come out?

13 Q. Yes, sir.

14 A. The stream crossings was selected  
15 because we have problems every time it storms that  
16 we're subject to lose and have lost stream crossings.  
17 We want to -- we want to put in some more master  
18 meters so that we can isolate our areas down to  
19 smaller areas for leak detection. Part of that was  
20 the valves that we've already purchased that we've --  
21 we've already been able to install -- I think 22 of  
22 them. There were several other things that was  
23 thrown into that package. I'm thinking that in  
24 Joe's engineering report, that that was all addressed  
25 and spelled out.

1 Q. So in addition to the BlueMax  
2 service line replacement, the stream crossing  
3 upgrades, and the additional bypass meters, are there  
4 any other water loss reduction measures that will be  
5 financed by this financing?

6 A. Well, depends on how you look at  
7 it. Taking care of the tanks, if you don't take care  
8 of the tanks, then you're going to have water loss  
9 there. So that, in one sense, can be put in there,  
10 but I'm sure that Joe didn't put that in as stated as  
11 such. But I can't think of anything right offhand.  
12 And I'm sorry I keep squeaking this chair. You would  
13 really need to talk to Joe about that.

14 Q. Okay. And there is a -- there's  
15 a figure given in the material for this project that  
16 it's anticipated the replacement of the BlueMax  
17 service lines and the other water loss reduction  
18 efforts will result in a decrease in water loss of  
19 75 percent. Have you seen that figure?

20 A. I have not seen it, but I've  
21 heard it.

22 Q. Would Mr. Blanton be the person  
23 to ask about that figure or --

24 A. I don't know whether it would be  
25 him or Joe.

1 Q. Okay. And you mentioned the  
2 water tank maintenance; what about the pump station  
3 work?

4 A. We had to go ahead and start that  
5 and pay for it out of our own product, so --

6 Q. And why was that necessary? Has  
7 it contributed to the district's water loss or --

8 A. Well, it doesn't contribute to  
9 the water loss. It will if it rusts out completely.

10 Q. Just preventative --

11 A. It prevents customer service.

12 Q. Okay. And what about -- there's  
13 funding for a new office, is that just based upon the  
14 status of the current office facilities? Why is the  
15 district looking at spending nearly a quarter million  
16 dollars on new offices?

17 A. Well, our old office was built in  
18 stages. The first stage was built in '88, '89, I'm  
19 thinking. And then it was added on to and added on  
20 to. And where we're located, water stands under the  
21 building. We have problems with mold. It is not  
22 handicap compliant. So we were told we either need  
23 to remodel our building and make it handicap  
24 compliant or build a new one. And it seemed like a  
25 better choice to build a new one because it probably

1 would be cheaper in the long run.

2 Q. The fiscal year 2017 audit,  
3 financial audit, indicated that the district had  
4 acquired property adjacent to its current office for  
5 \$60,000. Is that part of the -- is that an expense  
6 that the district expects to be reimbursed out of the  
7 financing?

8 A. Yes. Yes.

9 Q. And that land would be used for  
10 the new office?

11 A. That's where the new office would  
12 be.

13 Q. As far as the water prevention  
14 measures that are included in this project, does the  
15 district perform or is one performed on its behalf, a  
16 cost-benefit analysis of these projects to make sure  
17 they're going to make sense financially for the  
18 district?

19 A. If that's done, Joe does it.

20 Q. Okay. If the project is only  
21 partially funded -- I know you put in your  
22 application for what you hope to get, but you might  
23 not get it all -- how would the district prioritize  
24 these projects?

25 A. Well, the leak would be number

1 one.

2 Q. The BlueMax replacement?

3 A. BlueMax replacement would be  
4 number one. Stream crossings would be number two.  
5 Tank repair would be number three. The one that  
6 would go if we have to cut something would be the  
7 office building.

8 Q. Is Mr. Sisler the main contact  
9 with RD on behalf of the district?

10 A. Yes.

11 Q. And does anyone else on the  
12 district's board have a role in discussions with RD?

13 A. Usually not.

14 Q. Okay. Do you know who at RD  
15 Mr. Sisler deals with?

16 A. I'll think of his name here in a  
17 minute. It won't come to me.

18 Q. Well, we'll follow up. But does  
19 he attend district board meetings?

20 A. No.

21 Q. Okay.

22 A. It used to be Vernon Brown but  
23 he's retired, so --

24 Q. Other than RD, what other sources  
25 of funding has the district considered or assessed?

1           A.           Well, the block rent, we've  
2 applied for that several times and that's -- I'm  
3 assuming that's the block rent or the CDBG money,  
4 where we're getting our grant money for this project.

5           Q.           And if you could refer to the  
6 district's response to Question 2 of the second set  
7 of discovery requests. Those are staff's requests  
8 dated May 3. Again, that's the response to Question  
9 2.

10                   In that response the district states that  
11 RD has agreed to finance its Phase 4 Water System  
12 Improvements Project, which includes replacement of  
13 40,000 feet of service line. I'm assuming that's the  
14 BlueMax service line?

15           A.           Yeah. I haven't found the page  
16 that you're talking about. You said Section 2?

17           Q.           It's in the response to Question  
18 2 of the staff data request dated May 3, that would  
19 have been the second set of information requests.

20           THE WITNESS: That's not what he read.

21           MR. WUETCHER: Is it Question 2 for the  
22 second -- the May 3rd request?

23           MR. PARK: That is correct.

24           MR. WUETCHER: No, that is.

25           THE WITNESS: That is?

1 BY MR. PARK:

2 Q. And this refers to the -- again,  
3 it refers to the Phase 4 Water System Improvement  
4 Project, which includes replacement of 43,000 feet of  
5 service line. Is that the same project we've been  
6 talking about?

7 A. Yes.

8 Q. Big Sandy has only one pending  
9 project?

10 A. It only has one, yes.

11 MR. WUETCHER: Excuse me. Mr. Park, the  
12 response refers to Phase 5.

13 MR. PARK: Phase 5. Did I say Phase --

14 MR. WUETCHER: Phase 4.

15 MR. PARK: Phase 4. I apologize.

16 BY MR. PARK:

17 Q. Is there a Phase 6 being  
18 contemplated?

19 A. Not at this time.

20 Q. And what was Phase 4?

21 A. I assume the last project we did  
22 but -- which was some line extensions and tied into  
23 Ashland.

24 Q. Is there a comprehensive plan  
25 that all these phases are part of or are they

1 developed just as the district goes forward?

2 A. Developed as the district goes  
3 forward. The Phase 4 was developed because PSC said  
4 we need to be tied in with other sources of water.  
5 So our other source of water at that time was  
6 Ashland, so we started that project.

7 Q. And if you will, also on that  
8 same response to Question 2, it's provided a letter  
9 from United States Department of Agriculture RD, and  
10 in section -- in Section 32 of Page 12 of the letter,  
11 RD sets forth rates that will be required in  
12 connection with this project.

13 A. Did you say Section 12?

14 Q. I'm sorry, Section 32, which is  
15 on Page 12.

16 A. Oh, okay. Sorry.

17 Q. And that sets forth minimum rates  
18 to maintain and operate the system and meet required  
19 principal and interest payments and deposits to  
20 depreciation reserves.

21 A. Yes, I see that.

22 Q. And who would be the appropriate  
23 person to ask questions about rates in general?

24 A. Well, Joe was the one who did  
25 most of the calculation for this.

PSC Hearing  
In Re: Big Sandy Water District

Page 57

1 Q. Okay.

2 A. And submitted them to RD.

3 Q. Okay. And has the board reviewed  
4 these rates at this point?

5 A. Yes.

6 Q. Will the rates set out in this  
7 letter differ when the application is filed with the  
8 PSC?

9 A. Not to my knowledge.

10 Q. Subject to check, would you agree  
11 that the rates in this letter are an approximate  
12 increase of 5 percent?

13 A. Yes.

14 Q. Is that something the board has  
15 looked at?

16 A. That's what the board has  
17 discussed.

18 Q. And you indicated that  
19 Mr. Sisler's firm would have developed these rates --

20 A. Yes.

21 Q. -- to meet RD's requirements?

22 A. Yes.

23 Q. Staff, again, inspected the  
24 district in May of 2018, and in its staff report  
25 dated June 4, 2018, again cited the district for

1 having meters in service for more than 10 years, as  
2 well as for excessive water loss.

3 The district stated that from January 1,  
4 2018, to August 7, 2018, it pulled 194 meters for  
5 testing, and it only had 75 that were 10 years or  
6 older. Is that 75 out of these 194 that were pulled?

7 A. I'm not sure.

8 Q. Would Mr. Blanton be the one  
9 to --

10 A. Yes.

11 Q. Okay. And if you would refer to  
12 response to Question No. 3 of the same information  
13 request, so just the next one. And in the response  
14 to Question 3 the district states that it's -- the  
15 top three obstacles to preventing progress towards  
16 reducing water are aging infrastructure, lack of flow  
17 valves to isolate leaks, and lack of leak detection  
18 training.

19 Now, as far as addressing the problem with  
20 aging infrastructure, are any measures being  
21 considered beyond the ones we've discussed that are  
22 part of this financing project?

23 A. No, but our rates, when -- let me  
24 think how to say this. When our rate structure was  
25 put together, it included a section on infrastructure

1 improvement so we do have a fund that's -- be setting  
2 money aside to do that.

3 Q. And that's kept in a separate  
4 account and tracked?

5 A. Yes, tracked separately.

6 Q. Other than the BlueMax -- the  
7 projects that are covered in this project which we've  
8 discussed, what are the district's other most  
9 pressing infrastructure needs?

10 A. As far as infrastructure, we just  
11 need to put more valves in, more bypass meters so  
12 that we can isolate and see what each section is  
13 doing. The lack of training, most of our guys know  
14 what we need is fresh ideas. We've had circuit rider  
15 from Kentucky Rural come up and he looked at what we  
16 was doing, and basically said you're not doing  
17 anything different from what I would do.

18 So what we need is fresh ideas, places to  
19 look. Maybe the PSC and the Kentucky Rural Water get  
20 together and put -- form -- have a class on leak  
21 detection and ways of finding leaks because we've  
22 tried everything we know to try.

23 Q. So Kentucky Rural Water has been  
24 up to take a look at your leak detection efforts?

25 A. Yes. Yes.

1 Q. Have they provided any training  
2 or basically just reviewed your procedures?

3 A. They reviewed what we were doing  
4 and they said you're not doing anything that I  
5 wouldn't do.

6 Q. Okay. So the district would be  
7 interested in additional training resources if it was  
8 made available to them?

9 A. Yes. Yes, if somebody has got  
10 fresh ideas, you know how that goes, you get tunnel  
11 vision if you're not careful, and if somebody will  
12 give you a fresh idea that -- maybe you can see  
13 something that you've never seen before.

14 Q. What about leak detection  
15 equipment; what type of leak detection equipment does  
16 the district own?

17 A. We have an electronic flow thing,  
18 I'm not sure what you call it. But we have listening  
19 devices where we sound out valves. Everybody carries  
20 a chlorine test kit so if they see water on the  
21 ground, they can see whether it's got any chlorine in  
22 it or not.

23 Q. In your opinion, does the  
24 district lack any leak detection equipment that it  
25 needs?

1 A. Not that I'm aware of.

2 Q. Okay. I'll ask Mr. Blanton about  
3 that.

4 A. Yeah.

5 Q. And are you familiar with the  
6 district's policy when there is a leak on the  
7 customer's side of the meter?

8 A. When we find it, whether it be  
9 through visual or through meter readings, we notify  
10 the customer that they have a leak on their side.

11 Q. And are you aware that the  
12 district's tariff has a special provision pertaining  
13 to leak adjustments?

14 A. Yes.

15 Q. And are you comfortable  
16 testifying about that or is another witness more  
17 appropriate?

18 A. Well, I've never done it. I know  
19 basically the steps.

20 Q. And what are the steps, as you  
21 understand them?

22 A. They look at the previous three  
23 months' readings of that customer, and average them  
24 out, and they pay the base -- the same rate that they  
25 would for that -- whatever that amount is. Any

1 excess, they're charged at a reduced rate.

2 Q. Do you know what that reduced  
3 rate is?

4 A. No, I don't.

5 Q. Okay. Would Ms. Brown be the  
6 appropriate person to --

7 A. Yes.

8 Q. The district is adjacent to  
9 and/or connected with several neighboring water  
10 systems?

11 A. Yes.

12 Q. Louisa, Ashland, Paintsville,  
13 Cannonsburg, Rattlesnake Ridge. Since you've been on  
14 the board, what discussions, if any, have there been  
15 toward some sort of consolidation, and short of  
16 consolidation, any sort of regional cooperation?

17 A. It has been mentioned and  
18 discussed among the board members, but the feeling  
19 was that that would be a very difficult thing to do  
20 because of -- there's no way you're going to merge  
21 with Ashland, so -- they're very independent.

22 Q. Do you recall the last time the  
23 board had any discussion about either consolidating  
24 or entering into some sort of cooperative agreement?

25 A. I have no clue as to when it was,

1 but I know that it has been mentioned and discussed,  
2 but it's been a while.

3 Q. Can you estimate? Would that  
4 have been in the last five years?

5 A. Oh, yes.

6 Q. Okay. And has there been any  
7 contact with either county officials or  
8 representatives from these other water systems about  
9 either consolidation or cooperation?

10 A. No.

11 Q. Do you think there would be any  
12 interest on the part of any of these other systems in  
13 consolidating, or do you think they like being their  
14 own system?

15 A. I know one that would be --  
16 Ashland will not join, but I'm not sure about the  
17 rest of them. I can't speak for them.

18 Q. Do you see any benefits to  
19 consolidating with another neighboring water system?

20 A. There would be some benefits, but  
21 there would also be some disadvantages, there always  
22 is.

23 Q. And what would the benefits be?

24 A. Well, you could lower your crew  
25 number supposedly, but they would have to cover more

1 territory. But then you'd run into the problem of  
2 the people from this water district don't know your  
3 district, so it's going to take them forever to find  
4 a meter.

5 Q. What about equipment, the ability  
6 to share equipment on an emergency basis; is there  
7 any arrangement for that or has that occurred in the  
8 past?

9 A. If we need equipment from -- all  
10 we have to do is ask.

11 Q. And that's not been a problem?

12 A. That's not been a problem.

13 Q. What about inventory?

14 A. That's not been a problem either.  
15 If they've got it and we need it, it's ours.

16 Q. And you indicated, just based  
17 upon your knowledge of the area, that the City of  
18 Ashland would not be agreeable to any sort of  
19 consolidation. What are other obstacle -- what are  
20 the obstacles to some sort of merger consolidation  
21 that you see, in addition to local control issues?

22 A. Well, terrain for one thing,  
23 getting across I-64. So we've only got one line --  
24 well, we've got two actually, one from Ashland comes  
25 underneath I-64, and then the one Cannonsburg has

1 comes underneath I-64, and that's the only two that  
2 we've got access to, to 64.

3 I don't know how their pressure runs at  
4 Cannonsburg or the other districts, but I know that  
5 we have to have pretty high pressure to serve our  
6 customers.

7 Q. And that's just to move the water  
8 where you need to?

9 A. To move the water where you need  
10 to.

11 Q. And does that contribute to line  
12 loss, the high pressure?

13 A. Absolutely. A pinhole at  
14 80 pounds puts out X amount of water, at 90 pounds,  
15 it puts quite a bit more, and that's one reason why I  
16 think the arbitrary 15 percent water loss is  
17 unrealistic for our area.

18 MR. PARK: I have no further questions.

19 CHAIRMAN SCHMITT: Commissioner Mathews,  
20 questions?

21 MS. MATHEWS: I don't have any.

22 CHAIRMAN SCHMITT: I have a few, Mr. Thomas.

23 CROSS-EXAMINATION

24 BY CHAIRMAN SCHMITT:

25 Q. I haven't looked at the report

1 here in a while, your annual report, and then the  
2 inspection reports, but most of your -- probably a  
3 great majority of your customers are residential as  
4 opposed to commercial; is that correct?

5 A. Yes.

6 Q. Do you have any industrial  
7 customers at all?

8 A. We've got two or three.

9 Q. Okay. The -- your location, I  
10 guess, relationship between your district and  
11 Cannonsburg, are you saying that basically you're  
12 separated by I-64; is that correct?

13 A. Yes. Yes.

14 Q. But, of course, even if you were  
15 separated by I-64, even if you didn't have water  
16 that, you know, could travel between one water  
17 district and another, you're so close that if you  
18 were a combined unit, you know, you might be able to  
19 take advantage of the opportunities of buying in  
20 larger quantities at a lesser price, of basically  
21 upgrading your staff. I've seen management audits or  
22 a management audit of one district that recommended  
23 regionalization for the purpose of perhaps hiring an  
24 engineer that could be used to the advantage of  
25 everyone but which no one could afford if they were,

1 you know, a smaller -- a smaller group.

2 A. Yeah.

3 Q. Insofar as your district now is  
4 concerned, you have three board members from Boyd  
5 County and two from Lawrence; is that correct?

6 A. Two from Boyd, two from Lawrence,  
7 and one from Carter.

8 Q. Oh, okay, two, two and one. And  
9 has that resulted in any -- in any problems, either  
10 from a management or an operational standpoint?

11 A. No.

12 Q. By that I mean -- I mean, you  
13 know, sometimes -- we talk about -- we've always  
14 been, if not advocating consolidation, at least  
15 asking people to consult about it. And one of the  
16 things we always hear is, well, you know, those  
17 people in that county are -- we can't consolidate  
18 with the town because they won't treat us right, you  
19 know.

20 A. No.

21 Q. They're one thing and we're  
22 another. Have you had any of those issues at all?

23 A. No. No.

24 Q. I know from -- not since I  
25 started practicing law, but for many years before

1 that, Lawrence County and Boyd County had the same  
2 judicial circuit, many of the families are the same.

3 A. Yes.

4 Q. People in Lawrence County do more  
5 shopping in Ashland than they do in Louisa; would you  
6 agree with that?

7 A. Yes. Yes, I would.

8 Q. So, I mean, I just wonder, you  
9 all get along pretty well and it hasn't -- it hasn't  
10 interfered with the operation of your utility at all  
11 probably?

12 A. No. No, it hasn't.

13 Q. And in terms of Boyd County and  
14 Carter County, they're also real close, aren't they?

15 A. Yes.

16 Q. And I'll bet you that at least  
17 probably still now, but when AK Steel was running and  
18 even now at the Marathon Refinery, that probably most  
19 people in Carter County work in Boyd or Greenup or  
20 something.

21 A. Oh, yes.

22 Q. At the Chessie Systems or  
23 something, at the railroad in Russell, right?

24 A. Yes.

25 Q. So, I mean, you're in a position

1 where there ought not be the jealousies or basically  
2 the, what I consider, ignorant nativism that many  
3 people in Eastern Kentucky unfortunately are  
4 afflicted with. I mean, that wouldn't be an issue  
5 probably?

6 A. No, I think --

7 Q. You could have the same board or  
8 add another member or two and --

9 A. Yeah.

10 Q. -- operate the same way. But I  
11 know you talked about Ashland not being -- them being  
12 independent. Someone else said that too, maybe  
13 somebody at Cannonsburg. I don't think they used the  
14 term independent, but they didn't seem to believe  
15 that Ashland was as cooperative with its neighbors as  
16 maybe its neighbors would be with them, so I don't  
17 know.

18 A. That's pretty well true.

19 Q. I notice, though, in 1971 when I  
20 got out of law school, I always did a lot of work  
21 down in Northeastern Kentucky, and I never forget the  
22 population sign outside Ashland was something like  
23 32- or 33,000, and now it's maybe like 24- or  
24 something. It's lost a lot of people, hasn't it?

25 A. It's lost, yes. When AK went

1 down, a lot of people had to leave for work.

2 Q. Yeah.

3 A. And they didn't have any choice.

4 Q. And that hurts everybody.

5 A. Yeah.

6 Q. And I suppose those coal plants  
7 and things down there south of Cattletsburg probably  
8 are gone too, right?

9 A. Yes.

10 Q. Is Calgon gone? Is it still  
11 there?

12 A. No, Calgon is still running.

13 Q. But in any event, I guess we --  
14 earlier this morning in talking with Rattlesnake  
15 Ridge, we've raised the same kind of issues that, you  
16 know, with the size of your district, you know, over  
17 time, if you considered consolidation, you know, you  
18 could have 15- to 20,000 customers in one district?

19 A. Yeah.

20 Q. And you'd probably be bigger in  
21 Ashland in terms of actual customers served. But, in  
22 any event, I'm glad to hear that you don't have any  
23 predisposition against it. And a lot of it is  
24 because your counties are working cooperative anyway.

25 A. Yeah, we work together. It's

1 just, you know, they're separate entities. And I'll  
2 be honest with you, I've expected the PSC to come  
3 down and say you need to merge.

4 Q. Well, we've got a merger  
5 proceeding going, but we usually don't do that unless  
6 it's -- you know, there's a crisis in some way.

7 A. Yeah.

8 Q. But, in any event, I mean, you  
9 know, you all are neighbors.

10 A. Yeah.

11 Q. And you ought, if you get a  
12 chance to think about it, when you're talking about,  
13 well, it's harder for us to spread our costs over  
14 more people. I know your rates are not abnormally  
15 high. Rattlesnake Ridge is the second or third  
16 highest rates in the state. And they've told us  
17 earlier they've got to go out and borrow more money.

18 And just as an example, a month ago, three  
19 weeks ago, we had a rate increase here for Kentucky  
20 American Water Company, and they have maybe 130,000  
21 customers, but they've been out buying little  
22 distressed rural areas, Eastern Rockcastle Water  
23 Association, Middleton -- Middletown?

24 MS. MATHEWS: North Middletown.

25 Q. Anyway, what happened was both of

1 these little ones that they purchased a few years ago  
2 had -- their water rates for 4,000 gallons were like  
3 \$48, and as a result of that purchase, we've allowed,  
4 you know, a unified tariff, and when that was spread  
5 across their water rates for these rural areas were  
6 reduced by \$20 a month. So they went from like 48 to  
7 28.

8 And so, I mean, there are -- as people say  
9 well -- a lot of people say we don't want to divest  
10 our own utility or whatever. They all like to come  
11 here to get the, you know, approval of the rates  
12 anyway. But there's no reason why probably you all  
13 might not be able to do the same sort of thing.  
14 Maybe not for you, but for Rattlesnake. Your people  
15 might have to pay a little more to save Carter  
16 County.

17 In any event, moving on, in terms of your  
18 management, apparently, for a lot of the years you  
19 haven't had a general manager, but you've had  
20 somebody operating the outside, right, in the field,  
21 and then another person in the office, correct?

22 A. Yes.

23 Q. And how many office employees do  
24 you have?

25 A. Three.

PSC Hearing  
In Re: Big Sandy Water District

Page 73

1 Q. And so who runs the office?  
2 Who's the person?  
3 A. Teresa.  
4 Q. Okay. And then on the outside is  
5 who? Mr. Blanton?  
6 A. No, it's -- you asked me too  
7 quick. Randy McDaniels.  
8 Q. It was Mr. Blanton; is that  
9 right?  
10 A. Yes, sir.  
11 Q. Well, I guess, is there a reason  
12 why you haven't had one general manager operating the  
13 entire system or did it just happen to develop that  
14 way?  
15 A. It just happened to develop that  
16 way.  
17 Q. Does the -- Teresa, insofar as  
18 inside employees or office employees, does she have  
19 the authority to hire people or to terminate people?  
20 A. Yes.  
21 Q. And the gentleman, Mr. Blanton  
22 when he was there, I guess, and the present outside  
23 supervisor, field supervisor, do they have -- do they  
24 have the ability to hire and fire?  
25 A. Yes.

1 Q. Does the board or do the  
2 commissioners then have to approve the hiring or the  
3 firing?

4 A. We tell them that they need to  
5 hire somebody and then it's left up to them to go  
6 through the hiring process and bring someone on.

7 Q. Okay.

8 A. If someone needs to be fired for  
9 just cause, they go ahead and do it, so --

10 Q. Okay. Is there any kind of  
11 appeal to the Commission? I mean, have somebody come  
12 and say, well, you know, they done me wrong or  
13 whatever?

14 A. We haven't had one yet.

15 Q. Okay.

16 A. But, fortunately, we haven't had  
17 that many people that we've had to terminate either,  
18 so --

19 Q. Have you been able to keep  
20 personnel that you wanted, qualified people, without  
21 them, you know, going somewhere else, to another  
22 utility for better pay?

23 A. Yeah. We lost one to another  
24 utility for better pay, but that was the only one,  
25 so --

1 Q. Were they able to stay locally in  
2 your area or did they have to go --

3 A. They had to go to Huntington.  
4 They got a job with American Water, so --

5 Q. So American Water provides water  
6 service to Huntington?

7 A. Yes.

8 Q. I think they do to Charleston. I  
9 didn't know about Huntington.

10 A. They do Huntington too.

11 Q. Now, a question was asked, and  
12 we've been trying to ask all the utilities to get an  
13 idea about what their pay scale is for people, and  
14 it's not -- you know, it's all over the board. You  
15 all didn't respond to yours because our question was:  
16 How much do you pay your general manager? And the  
17 answer was: We don't have a general manager.

18 So let me ask you: On your field  
19 supervisor position that Mr. Blanton held, can you  
20 tell me how much -- what the annual salary or the  
21 hourly rate is for that position?

22 A. I can't tell you the hourly --  
23 salary because he's -- we pay him by the hour. He  
24 gets overtime if he's out there.

25 Q. Time and a half?

PSC Hearing  
In Re: Big Sandy Water District

Page 76

1           A.           Yeah, time and a half, but his  
2 base salary, when he hired on, was 42,000.

3           Q.           Okay. But that was basically  
4 paid -- that was -- it's on a salary basis or an  
5 hourly rate?

6           A.           At that time, it was salary.  
7 We've since changed him over to hourly, because a lot  
8 of times he'll get called out --

9           Q.           Sure.

10          A.           -- and we didn't feel like it was  
11 fair to not pay him for being called out at all hours  
12 of the day and night. You know how that goes.

13          Q.           Do you know what the hourly rate  
14 is at this time?

15          A.           I don't, no.

16          Q.           Approximately?

17          A.           Teresa will know.

18          Q.           Teresa will know because she  
19 writes the checks, right?

20          A.           She writes the checks.

21          Q.           Do you know what Teresa makes?

22          A.           No, I don't.

23          Q.           Okay. All right. Thank you.

24          MR. CICERO: Sir, can I ask a quick  
25 question?

1 CHAIRMAN SCHMITT: Sure.

2 MR. CICERO: So that 22,000 is annual salary

3 and straight time?

4 THE WITNESS: 42,000.

5 MR. CICERO: 42,000.

6 CHAIRMAN SCHMITT: I thought you said 22.

7 MR. CICERO: That was awful low. I thought,

8 man, you're really getting a steal there.

9 THE WITNESS: We'd like to pay that if

10 they'd stay but I'm sure they would not.

11 MR. CICERO: Thank you for clarifying.

12 CHAIRMAN SCHMITT: We were talking about a

13 Mexican without a green card. I'll be

14 called a racist now.

15 I don't have any other questions.

16 Mr. Cicero, do you have any questions

17 or we can wait until after everybody else

18 gets questions?

19 MR. CICERO: Then maybe I'll have something.

20 MR. McNEIL: Yes, thank you.

21 CROSS-EXAMINATION

22 BY MR. McNEIL:

23 Q. Mr. Thomas, good afternoon.

24 A. Good afternoon.

25 Q. So valves were discussed and that

1 was one of the critical things to be looked at, but  
2 then you also said you purchased 50 valves and about  
3 32 were put in the ground with bypass meters?

4 A. Yeah, 22.

5 Q. Twenty-two, okay.

6 A. Twenty-two.

7 Q. So can you tell me, are you still  
8 having an issue -- is the issue with getting the rest  
9 of them in the ground? Is the issue you still need  
10 more? What's the issue with valves?

11 A. The main issue is we don't have  
12 the time to put them in because the guys are out  
13 taking care of customers or repairing leaks. When  
14 they get a chance that there's no leaks, which is not  
15 very often anymore, and no customers' called in for  
16 something they need, then that's -- that's their job  
17 for the day. But it's just -- it's a matter of  
18 manpower and time.

19 Q. So do you -- at this point, do  
20 you feel like the rest that you have in inventory  
21 will eventually rectify, you know, identifying leak  
22 problems or you don't know yet?

23 A. Don't know yet.

24 Q. Okay.

25 A. Some of them are to replace

1 valves that will not operate now.

2 Q. Right.

3 A. But the majority of them was to  
4 be put in with bypass meters around them so that we  
5 can check on down the line and see what the water  
6 flow is down that particular spur.

7 Q. So some of them are brand-new  
8 valves in a new spot?

9 A. Yeah.

10 Q. Okay. So is there any sort of  
11 plan on, you know, getting in one a week, one every  
12 two weeks, I mean, you just do it when you can?

13 A. Do it when we can. Our manager  
14 has been instructed to get them in the ground as  
15 quick as he can, but he still has to maintain water  
16 flow to the customers.

17 Q. Okay.

18 A. That's his number one priority.

19 Q. And then meter change-out was  
20 sort of a similar thing; is it the same kind of  
21 issue, you have meters that have been replaced or  
22 repaired that are sitting on the shelf and you can't  
23 get them all changed out fast enough?

24 A. We need some new meters. We can  
25 test -- our test bench will test four meters at a

1 time. It takes an hour approximately to test a  
2 meter. That sounds like you can do a bunch in a day,  
3 but if that meter doesn't test good, then you've got  
4 to rebuild it and then retest it. So if all four of  
5 them test bad, then you've got some time to fix them  
6 and time to retest them before you put them on the  
7 shelf to be put in the ground. In the meantime,  
8 you've got customers calling in that they need this,  
9 we've got a water leak here, so it cuts into the time  
10 they have to replace meters.

11 The solution would be to buy a bunch of new  
12 meters, but to buy that many, we're looking at  
13 \$450,000.

14 Q. That issue is just totally  
15 funding?

16 A. Yeah.

17 Q. Do you have any idea how many  
18 good meters are sitting in inventory just waiting to  
19 be replaced?

20 A. No, I don't.

21 Q. Okay. That's probably a  
22 question --

23 A. Jimmy might know, but I don't.

24 Q. Okay. And you talked about the  
25 water purchase contract with Ashland in detail. Are

1 you aware that there was a contract filed in this  
2 case on March 20th of 2019, and that is listed as  
3 having a January 1st, 2019, start term with the City  
4 of Ashland, that was, I think, signed by you  
5 September of 2018, last year; does that sound  
6 familiar?

7 A. Yeah.

8 Q. So do you recall, then, if you  
9 discussed having access to the master meter in those  
10 discussions last fall?

11 A. No.

12 Q. Okay.

13 A. The -- that contract was formed  
14 because we were going through this project and RD  
15 said they had to have a current contract for purchase  
16 of water, so that's where that come in.

17 Q. Okay. So you're -- you're going  
18 to address the master meter in a separate --

19 A. Yeah, we'll have to address that  
20 as a separate issue.

21 Q. Okay. Are the board members  
22 paid?

23 A. Yes.

24 Q. What are they currently paid?

25 A. \$500 a month.

1 Q. Okay. Has that been the case for  
2 a number of years, that amount?

3 A. Yeah. I don't remember how many  
4 years, but I'd say at least 12, 14 years or more. It  
5 started out as a hundred dollars a month and then  
6 grew.

7 Q. Just to cover expenses,  
8 et cetera?

9 A. Yeah.

10 Q. Okay. And then you said you've  
11 been on the -- I think you've been on the board  
12 longer than I've been alive, so you've seen a lot of  
13 change. And there was mention of multiple staff  
14 reports in the last five, ten years that mentioned  
15 water loss, meter testing, et cetera. When do you  
16 think the board knew and realized how big of an issue  
17 this water loss was?

18 A. We knew it was a big issue quite  
19 a few years ago. This is not the only spell we've  
20 gone through where we had high water. But, luckily,  
21 the other times we were able to get it back down.  
22 This time, I don't know whether it's because of the  
23 age of our infrastructure or what's going on, but we  
24 know part of it -- or we suspect part of it is that  
25 BlueMax. We knew this has been an ongoing problem,

1 that we needed to do something, and we've been  
2 working on it. But a lot of our efforts, while we  
3 found leaks, have not got it down to where we think  
4 it ought to be.

5 Q. Right.

6 A. I can give you a good example is  
7 the area where that BlueMax is, we can go out and we  
8 can sound and shut off valves on that system and work  
9 our way down at night. There's a formula that you  
10 can figure how many gallons of water a house will use  
11 at night, and you multiply that by the water flow.

12 Well, this section you might have a  
13 gallon-a-minute leak. The next section you have  
14 another gallon-a-minute leak. The next section you  
15 have another gallon-a-minute leak. That don't sound  
16 like much, but when you get through all the  
17 inspections and you add all them up, how do you find  
18 a leak that small? It doesn't come to the top of the  
19 ground so how do you find it?

20 Q. Right.

21 A. You can't sound it. You can't  
22 hear it.

23 Q. Listening device doesn't help on  
24 those kind of leaks?

25 A. No.

1 Q. The BlueMax, you said that was  
2 installed in the late '90s or so?

3 A. Yeah.

4 Q. When did you think that was a  
5 problem?

6 A. We discovered it was a problem  
7 shortly after it went in. That's when we kept  
8 getting the breaks. And it just kept getting worse.  
9 The line with age gets brittle and it just breaks.  
10 And not always, but a lot of times when it goes, it's  
11 not just a little pinhole, it's a big split or it  
12 completely breaks in two. So you get a lot of leaks  
13 there. But then with a little crack or a little  
14 leak, you know, the only time you can find it is when  
15 it gives way.

16 Q. Without knowing where all the  
17 BlueMax is, you're sort of waiting on catastrophic  
18 breaks to find it and fix it?

19 A. Find out which one. But when  
20 you've got a system -- two contracts that use  
21 BlueMax, and I know that first contract, when it was  
22 put in, was 800 and some customers, and we've added  
23 customers since then. So we've identified as many of  
24 them as we can. But it's -- and we keep -- we hope  
25 that when the BlueMax is fixed that gets rid of a lot

1 of water leaks, but I cannot guarantee it.

2 Q. So if that happens, what's your  
3 next big issue that you're going to move to? It's  
4 just a lot of little things?

5 A. Back up 50 yards and punt. You  
6 know, we've looked at everything we know to look at.  
7 We know that stream crossings has been a problem.  
8 We're taking care of some of them. Have already  
9 taken care of some. We've got some more to go.  
10 Other than that, I don't -- you know, we're at a  
11 loss. And it's not like we're not trying, we're not  
12 looking, we're not working on it. And that's why  
13 we're doing this BlueMax project. We've -- with what  
14 we're seeing in the distribution of the leaks, we  
15 feel like that's going to help a whole lot, but we  
16 don't know that, we can't guarantee it.

17 MR. McNEIL: All right. Nothing further,  
18 Chairman.

19 CHAIRMAN SCHMITT: Mr. Cicero, any questions  
20 after what you've heard?

21 MR. CICERO: Just two questions.

22 CROSS-EXAMINATION

23 BY MR. CICERO:

24 Q. You said that the commissioners  
25 receive \$500 a month?

1 A. Yes.

2 Q. Is that the only compensation?

3 A. Yes.

4 Q. No health insurance benefits?

5 A. No, sir.

6 MR. CICERO: I don't have any other  
7 questions. I'm not going to duplicate  
8 anything that's happened while I wasn't  
9 here. I don't know all the questions that  
10 were asked, so I apologize.

11 CHAIRMAN SCHMITT: Mr. Wuetcher, any  
12 questions?

13 MR. WUETCHER: Yes, just a couple to clarify  
14 a couple of points.

15 REDIRECT EXAMINATION

16 BY MR. WUETCHER:

17 Q. Mr. Thomas, you had testified  
18 earlier that the district has already unified for  
19 rates for its entire system, including the ones that  
20 were charged to the -- what was previously the  
21 Overland system.

22 A. Correct.

23 Q. Is it correct that currently, at  
24 this point in time, you're actually still charging a  
25 different rate to the Overland system?

1           A.           Yeah, I thought it was canceled  
2 out.

3           Q.           Okay. Well, let me put it this  
4 way: Are you aware of changes that have been  
5 proposed in your rate schedule for your RD loan that  
6 would unify the rates?

7           A.           Maybe that's where I got the  
8 unification at.

9           Q.           Okay. There was a question asked  
10 about the amount of money or the amount of the  
11 increase that the RD rates that you're seeking as  
12 part of a letter of conditions, that it would be  
13 5 percent; do you recall that?

14          A.           Yes.

15          Q.           Now, is it correct that the  
16 district's engineer has recently --

17          A.           Yeah.

18          Q.           -- re-examined those?

19          A.           Yeah.

20          Q.           And that the board and the  
21 district's engineer are going to be requesting that  
22 RD consider increasing that amount?

23          A.           Yes, I remember that now.

24          Q.           And would it be correct or do you  
25 recall if that amount of increase is now going to be

1 around 8 percent in lieu of a 5 percent increase?

2 A. Yeah.

3 Q. There was a question asked about  
4 a loan for a piece of equipment that was over a  
5 four-year period, and I'm not going to ask you about  
6 that, but I am going to ask, when your board has its  
7 monthly meeting, in addition to the commissioners and  
8 your internal staff, who else attends those meetings?

9 A. Our lawyer, Roger Hall, and most  
10 of the time Joe Sisler.

11 Q. Okay. If at any point there is  
12 a -- the district decides to issue a loan, is that  
13 discussed at those meetings?

14 A. Yes.

15 Q. Okay. So if that particular loan  
16 that Mr. Park referenced came up and the board was  
17 voting on whether to approve it or not, your counsel  
18 would have been there and would have been able to  
19 advise you on what the requirements were in order to  
20 go ahead and legally enter into a loan?

21 A. Yes.

22 Q. On the valve issue -- I just want  
23 to make sure it's clarified for the record -- the  
24 district has purchased around 50 valves?

25 A. Yeah.

PSC Hearing  
In Re: Big Sandy Water District

Page 89

1 Q. It has put in 20 valves?

2 A. Twenty-two.

3 Q. Twenty-two. And its plan is to  
4 put in all 50 valves; is that correct?

5 A. Yes. Yes.

6 Q. And the only issue now out there  
7 is having sufficient time for your staff to actually  
8 find the locations and go ahead and make the  
9 installation?

10 A. Yes.

11 Q. One more point. There was some  
12 discussion about the district's responses to staff  
13 inspection reports. And I think Mr. Park noted to  
14 you that there were some responses that were made --  
15 a timetable to comply with some provisions. In terms  
16 of characterizing the timetable that the district  
17 provided, in your opinion, was the timetable that was  
18 provided, was that given with an intent to mislead or  
19 deceive the Commission or was it --

20 A. No.

21 Q. -- just an optimistic -- the  
22 district being optimistic in terms of correcting the  
23 deficiency?

24 A. Yeah. Yeah. There was no intent  
25 to deceive. That's what we truly hoped and had

1 planned on the timeline to follow.

2 Q. When these reports come in, the  
3 PSC staff inspection reports, the district board of  
4 commissioners review those; is that correct?

5 A. They're presented to the board,  
6 yes.

7 Q. So in every occasion, is it the  
8 board's desire to correct those deficiencies as  
9 quickly as possible?

10 A. Oh, yes.

11 MR. WUETCHER: Okay. That's all I have.  
12 Thank you.

13 CHAIRMAN SCHMITT: Anything further of this  
14 witness, Mr. Park?

15 RE-CROSS-EXAMINATION

16 BY MR. PARK:

17 Q. Just one additional question on  
18 the issue of regional cooperation, and that is we  
19 have seen situations where multiple districts will  
20 get together, even with the city water system, and do  
21 multi-jurisdictional financing projects; is that  
22 something that the district has ever been a part of?

23 A. We've not been a part of it, but  
24 it has been suggested to us on one occasion.

25 Q. And what was that occasion?

PSC Hearing  
In Re: Big Sandy Water District

Page 91

1           A.           That was with Cannonsburg. They  
2 were hoping to put in their own water plant so they  
3 could quit purchasing water from Ashland.

4           Q.           Is that something that the  
5 district would be open to on a going-forward basis?

6           A.           We considered it, and it would  
7 have its advantages, but I don't know that it would  
8 fly.

9           Q.           Other than the Cannonsburg  
10 project, is the district open to considering  
11 additional multi-jurisdictional projects?

12          A.           It would depend on what the  
13 project was.

14          Q.           Of course.

15          MR. PARK: No further questions.

16          CHAIRMAN SCHMITT: Anything further of this  
17 witness?

18          MR. McNEIL: No.

19          CHAIRMAN SCHMITT: May Mr. Thomas be  
20 excused? You're excused, Mr. Thomas. Thank  
21 you.

22                       Why don't we take -- we've been at it  
23 for a couple of hours here, so why don't we  
24 take a break until 15 after. In recess  
25 until 3:15.

1 (A brief recess was taken.)

2 CHAIRMAN SCHMITT: We're now -- we're now  
3 back on the record. Mr. Park, will you call  
4 another witness?

5 MR. PARK: Yes. Staff would like to  
6 question Mr. James Blanton.

7 CHAIRMAN SCHMITT: Mr. Blanton, please raise  
8 your right hand.

9 (Witness is sworn.)

10 CHAIRMAN SCHMITT: Mr. Wuetcher.

11 MR. WUETCHER: Thank you, Your Honor.

12 DIRECT EXAMINATION

13 BY MR. WUETCHER:

14 Q. Good afternoon, Mr. Blanton.

15 A. Good afternoon.

16 Q. Would you please state your name  
17 and business address?

18 A. James Blanton, Big Sandy Water,  
19 18200 State Route 3, Cattletsburg 41129.

20 Q. And who are you employed by?

21 A. Big Sandy Water District.

22 Q. Okay. And how long -- well, let  
23 me step back a second. What is your current position  
24 with Big Sandy Water District?

25 A. I'm an operator with Big Sandy.

1 Q. And how long have you been  
2 employed by Big Sandy Water District?

3 A. Thirty-one, 32 years.

4 Q. Okay. And was that all  
5 consecutive?

6 A. No.

7 Q. Okay. Can you just explain that  
8 for us?

9 A. Yeah. I got hired in '88 as a  
10 meter reader, and then I retired July the 1st of  
11 2017, and then I came back to work in October of 2017  
12 as an operator.

13 Q. Okay. So you are certified as a  
14 distribution --

15 A. Operator.

16 Q. -- water operator?

17 A. Class 2.

18 Q. Okay. And prior to your  
19 retirement, you were the field operations manager?

20 A. Yes.

21 Q. And what were your duties as  
22 field operations manager?

23 A. Anything outside. Water leaks,  
24 taps, chlorine samples, GHMs, lead copper samples,  
25 get the guys working on leaks, just anything outside

1 we took care of.

2 Q. And as a field operations  
3 manager, you were responsible for everything outside?

4 A. Yes.

5 Q. And now as an operator, what are  
6 your responsibilities?

7 A. Samples, leaks, taps. Not so  
8 much taps, we've got other guys that does the taps.  
9 Customer service, I guess. Read water meters, change  
10 water meters. Pretty much anything outside.

11 Q. In terms of your relationship  
12 with the current field operations manager, how would  
13 you describe that?

14 A. It's pretty good.

15 Q. Are you providing any training  
16 for him?

17 A. Oh, yes, every day. He's asking  
18 questions everyday.

19 Q. Okay. Now, were you involved in  
20 preparing the water district's responses to the  
21 Commission's order of March 12th and the PSC staff  
22 request for information?

23 A. Yes.

24 Q. Okay. And have you had an  
25 opportunity to look over what was submitted to the

1 Commission in response to those orders and requests?

2 A. Yes, for the responses for  
3 outside?

4 Q. Yes.

5 A. I was the one that done the  
6 responses.

7 Q. Okay. So at least for those that  
8 you were indicated as a witness --

9 A. Yes.

10 Q. -- you've looked over them and  
11 you're familiar with them?

12 A. Yes, sir.

13 MR. WUETCHER: With that, I'll tender the  
14 witness for examination.

15 CHAIRMAN SCHMITT: Mr. Park.

16 CROSS-EXAMINATION

17 BY MR. PARK:

18 Q. Good afternoon, Mr. Blanton.  
19 Before you retired, you were field operations  
20 manager, if you will, and Class 2 operator, and how  
21 long had you been in that position?

22 A. Approximately 10 years.

23 Q. Ten years. And since you have  
24 come back, are you in a part-time capacity?

25 A. Full-time.

1 Q. Full-time capacity as a  
2 distribution system operator?

3 A. Yes.

4 Q. How long has Mr. McDaniel been  
5 employed by the district?

6 A. Since October of 2018.

7 Q. How have your duties changed  
8 since you retired and came back as distribution  
9 operator?

10 A. They really haven't. I still do  
11 the same thing outside that I always have.

12 Q. Who is responsible now for  
13 supervising the field personnel?

14 A. That would be the one thing that  
15 Mr. McDaniel does.

16 Q. He's doing that now?

17 A. Yes.

18 Q. In the testimony that we've heard  
19 today is that there are three employees or field  
20 personnel?

21 A. No, there's eight now.

22 Q. Oh, eight now. Three inside?

23 A. Three inside, eight outside.

24 Q. Do you think eight is a  
25 sufficient number of employees in the field?

1           A.           For the most part, yes. There is  
2 times when you have multiple leaks that you could use  
3 some more employees, but I don't think we'll need  
4 more -- we may be able to hire some part-time help  
5 for changing meters out if we purchase all of our  
6 meters at one time.

7           Q.           We've heard testimony about the  
8 difficulty of getting all the new valves that have  
9 been purchased put in the ground.

10          A.           Uh-huh.

11          Q.           Is that related to the number of  
12 employees the district has?

13          A.           Yes. And also when you go to  
14 take a line down, you have to put on a boil water, so  
15 what we are trying to do is when we have a leak in  
16 that area, to go ahead and install the valves while  
17 the line is already down and while we've already got  
18 the boil water on. But if you just go out and shut a  
19 line down and put a new valve in, you're going to be  
20 putting a boil water on, which is more of a cost and  
21 water loss.

22          Q.           Uh-huh. What is the district's  
23 process to respond to reported leaks? Does it have a  
24 specific --

25          A.           Top priority.

1 Q. -- protocol that you follow or  
2 practice?

3 A. It's top priority. We go check  
4 it, and if we determine it needs to be fixed, it's  
5 fixed right then. If it's a very small leak and  
6 especially like on a Friday evening or on a weekend,  
7 you just try to use it, in your head figure up is it  
8 worth fixing now, calling out three guys on overtime,  
9 or can we put it off until Monday morning. A lot of  
10 time it's just a wet spot, so --

11 Q. Approximately how much time do  
12 the field personnel devote to leak repair?

13 A. I would say -- I would say 60 to  
14 70 percent, most leaks.

15 Q. And what does the district do as  
16 far as the field personnel to proactively locate  
17 leaks as opposed to receiving a report and  
18 investigating?

19 A. Here lately -- I mean, like,  
20 working of a night, looking for water leaks. Here  
21 lately we've not been doing that. The last time we  
22 done it was like two months ago just because  
23 finances. If you've got guys working nights and  
24 days, you're going to be paying overtime.

25 Q. And they're working nights

1 because of all the leak issues?

2 A. It's easier to do a leak  
3 detection during the night when the water usage is  
4 down.

5 Q. Right. And we've heard testimony  
6 that you have been the responsible person at the  
7 district to deal with the Public Service Commission  
8 staff when they are performing the periodic  
9 inspections?

10 A. Yes.

11 Q. Okay. And we've heard discussion  
12 that since 2015, one deficiency that's been cited has  
13 been the existence of these customer meters that are  
14 in service, and have been in service for more than 10  
15 years without having been tested?

16 A. Uh-huh.

17 Q. I think initially a target was  
18 given of the summer of 2016, and then a target was  
19 given of August 20, 2017, and that's not been met.  
20 So does the district have a handle now on how many  
21 meters are in service -- remain in service that have  
22 been in service for at least 10 years without having  
23 been tested?

24 A. Yes.

25 Q. And approximately how many

1 meters?

2 A. Approximately 2100.

3 Q. 2100?

4 A. Yes.

5 CHAIRMAN SCHMITT: 2100 that need to be  
6 tested?

7 THE WITNESS: Yes, that need to be changed,  
8 yes.

9 BY MR. PARK:

10 Q. How does the district track which  
11 meters are due to be tested?

12 A. It's in the computer.

13 Q. The year and that will  
14 automatically generate --

15 A. Yes.

16 Q. And is it your understanding that  
17 the project that we've heard testimony about will  
18 include any funding for new meters or is it the  
19 district's intention just to continually try to pull  
20 them and test them as it can?

21 A. Pull them in and test them as we  
22 can right now. There was some money in there for new  
23 meters, but that's for zone meters, to narrow down  
24 our area to smaller areas.

25 Q. Okay. With respect to the zone

1 bypass meters, I'm going to refer you to Question 19  
2 of -- rather, the district's response to Question 19  
3 of staff's information request dated May 3rd, that's  
4 the second set of discovery. And in response to  
5 Question 19 the district states it has a sufficient  
6 number of zone meters to monitor its system.

7 A. Uh-huh.

8 Q. Are you stating today that that's  
9 not correct, that the district needs additional zone  
10 bypass meters to monitor?

11 A. We thought -- and I still do  
12 think that we have enough meters, but what we're  
13 going to try to do is get some of the bigger areas,  
14 put some more meters in, make them smaller, just to  
15 try to help with leak detection.

16 Q. And has that been planned out, as  
17 far as how many additional zones you want to break  
18 down the system into?

19 A. Well, it was brought to my  
20 attention a month ago that we had more money, and for  
21 us to start looking at places to put some more  
22 meters.

23 Q. That there's going to be money in  
24 the project finance to cover that?

25 A. Yes. Yes.

1 Q. And at this time, have you  
2 determined or the district determined how many  
3 additional zone meters you want to put in?

4 A. Right now we know of two other  
5 areas.

6 Q. Two other areas?

7 A. Yeah.

8 Q. Also since 2015, Commission staff  
9 has been bringing to the district's attention the  
10 increasing water loss of the district. And the  
11 district has -- in response, has identified this  
12 BlueMax service line pipe as a problem. Could you --  
13 could you state why this pipe has been such a problem  
14 for the district?

15 A. Every day we're fixing leaks on  
16 it. It gets brittle. We fixed four yesterday. And  
17 this month so far, out of 15 water leaks, we fixed 12  
18 of them, are BlueMax service lines. That was before  
19 yesterday's count by the way.

20 Q. Does the district have a pretty  
21 good handle on where its BlueMax is?

22 A. Yes. Yes.

23 Q. And it was in connection with two  
24 particular service -- or extensions of service?

25 A. Yes, there was two of those, plus

1 about a two-year period we used BlueMax also on the  
2 taps we was installing.

3 Q. And you all know where those are?

4 A. Roughly, yes.

5 Q. How long is the BlueMax pipe been  
6 a problem? Is it just that it's getting to the age  
7 where the inherent problems with it are starting to  
8 come through?

9 A. We've known it for quite a few  
10 years, but it's getting worse.

11 Q. Okay. The number of leaks are  
12 starting to increase?

13 A. Yes.

14 Q. Other than the BlueMax pipe,  
15 we've heard about the stream crossings being an  
16 issue. Could you describe what those issues are?

17 A. Yeah, with all the heavy rains  
18 we've got, it's washing out our creek crossing, banks  
19 are moving, you know. We've had to put temporary  
20 lines on top of the ground, and now we're going back  
21 in and doing a directional bore to where you can sit  
22 back away from the banks and shoot down deeper to  
23 where if it does wash, it won't affect the water  
24 lines.

25 Q. Is the district doing that only

1 to the creek crossings that have been damaged due to  
2 high water or is it also going out and finding the  
3 ones at risk and --

4 A. Right now the ones that we've had  
5 problems with are the ones we're fixing. We do know  
6 we've got a couple more that we need to fix.

7 Q. Is that part of the plan for this  
8 coming project?

9 A. Not for this project here. We'll  
10 have to get more money to do the other ones.

11 Q. We've heard testimony that the  
12 district purchased 50 valves and has installed a  
13 portion of those, and there are a number that remain  
14 to be installed. Do you think that will be a  
15 sufficient number once those have been put in?

16 A. Yes.

17 Q. Do you have any operational  
18 contact with employees from any of the neighboring  
19 water systems?

20 A. Yes, sir.

21 Q. Do you have a pretty good working  
22 relationship, you think, with them?

23 A. Yes.

24 Q. And what sort of areas do you  
25 have contact with them about in cooperation?

1           A.           Any time they need parts, we need  
2 parts, we exchange parts, pipe, don't matter.

3           Q.           And that's not an issue?

4           A.           Not an issue or problem.

5           Q.           Now, if this financing project is  
6 only partially funded, will you be involved in the  
7 process to determine which projects should be  
8 prioritized?

9           A.           I'm not sure.

10          Q.           What is the state of the  
11 district's mapping of its system?

12          A.           We have all of our maps are on  
13 paper right now.

14          Q.           In response to Question 21 of the  
15 second set of discovery requests, the district states  
16 that it has a map of its distribution system, but  
17 it's not mapped out the service connections, and it  
18 doesn't have funds to do that; is that accurate?

19          A.           We've got one map that Pipeco  
20 gives us that shows our areas, our boundaries, but  
21 all of our -- all of our maps of the water lines  
22 shows meters, service lines, valves, hydrants,  
23 everything, that's in our blueprints.

24          Q.           And do you think that provides  
25 sufficient mapping resources for the needs of the

1 district as it attempts to address the water loss  
2 problems?

3 A. Yes.

4 Q. Or do you think additional  
5 improvements need to be done?

6 A. I think GPS would help us even  
7 better.

8 Q. And is there any discussion or  
9 plan to proceed with that?

10 A. If I'm not mistaken, we've got  
11 money in this project coming up right now that  
12 there's GPS money -- for GPS.

13 Q. Do you know how long it will take  
14 to do that mapping?

15 A. No, I don't.

16 Q. Does the district utilize a SCADA  
17 system?

18 A. We've got telemetry. We've got  
19 Micro-Comm telemetry. I'm not 100 percent sure the  
20 difference between -- SCADA, I'm not sure.

21 Q. That's probably more correct than  
22 my pronunciation.

23 A. I'm not sure, but we do a  
24 telemetry, it's through Micro-Comm.

25 Q. Is there any plan to update that

1 system or enhance that system with this new project?

2 A. There's only one item that I  
3 think we could do, would be where if a tank starts  
4 losing water, that it would call us on the phone. We  
5 do not have that capability right now.

6 Q. And do you know whether or not  
7 that capability will be added as part of this next  
8 phase?

9 A. No, I do not.

10 Q. Do you have any idea how much  
11 that would cost?

12 A. No, I do not. I've never checked  
13 on it.

14 Q. But that would give the district  
15 an alert of a potential leak issue?

16 A. I can -- I can check during the  
17 weekends and stuff, or 24/7, I can check with my  
18 phone, but if I don't go on there and that tank  
19 starts dropping, it would notify us.

20 Q. Apart from the BlueMax pipe and  
21 the creek crossing, what are the greatest issues on  
22 the system for water loss? Are those the two primary  
23 ones?

24 A. Yes.

25 Q. And what other issues contribute

1 to the water loss?

2 A. We're not having a whole lot of  
3 issues with our main lines, our PVC lines. Like  
4 Mr. Thomas explained, we've got what I believe is a  
5 lot of small leaks that's not coming to the top of  
6 the ground, that you cannot walk down through the hay  
7 field and step in a mud puddle. We feel that it's  
8 going underground.

9 Q. And are you aware of any way that  
10 those leaks can be addressed?

11 A. No.

12 Q. And what -- have you played any  
13 role in the development of the project financing  
14 application for RD?

15 A. No.

16 Q. The district's meters are radio  
17 read; is that correct?

18 A. Yes.

19 Q. And at one point the district  
20 experienced problems with the meters not reading?

21 A. Every month you'll have some  
22 meters that will not read.

23 Q. Okay. So that's just a -- not an  
24 out-of-the-ordinary issue you've run into?

25 A. No.

1 MR. CICERO: Let me ask a question. When  
2 they don't read, how do you know that they  
3 aren't read?

4 THE WITNESS: We've got a handheld that we  
5 drive the first day of the month, and then  
6 when we come back, the office personnel  
7 downloads it into the computer, it prints it  
8 out, and it shows which meter did not read.

9 MR. CICERO: Okay. So you do reconciliation  
10 between these?

11 THE WITNESS: Yes.

12 MR. CICERO: What were supposed to be read  
13 and what actually were read?

14 THE WITNESS: Yes. And then what we do is  
15 we go out and do what we call rechecks, or  
16 rereads, whatever, and then -- as soon as  
17 possible, either that day or the next day we  
18 try to get them done. And we go out and we  
19 physically visually read these meters and  
20 then we try to find out why they're not  
21 reading.

22 MR. CICERO: And so do you include in that  
23 reconciliation minimum read or zero read?

24 THE WITNESS: Yes.

25 MR. CICERO: So those are also manually

1 checked?

2 THE WITNESS: Yes. Every month we get a  
3 printout of zero usages. That's all the  
4 meters that have zero usages.

5 MR. CICERO: And do you know how many meters  
6 are on your system and that's what it  
7 reconciles to, whether it's customer  
8 accounts --

9 THE WITNESS: Well, like the books that I  
10 read, you know, I get a printout and it  
11 shows every meter in the books that I read  
12 that's zero usage. And then another fellow,  
13 you know, he'll get all the ones in his  
14 books, and that way as soon as he gets a  
15 chance, he goes out and checks these.

16 MR. CICERO: Okay. Sorry. Go ahead,  
17 Mr. Park.

18 BY MR. PARK:

19 Q. Are you responsible for dealing  
20 with the wholesale suppliers on operational issues on  
21 behalf of the district?

22 A. Partially, yes.

23 Q. Okay. What about as far as  
24 the -- under the contract, whether the supplier's  
25 testing its master meter, do you have any role in

1 trying to obtain those test results from the --

2 A. I called the City of Ashland and  
3 tried to get the results, and I even contacted PSC,  
4 because I was under the assumption that if Ashland  
5 sold us water, they fell under Public Service  
6 Commission rules also. And then I was told that that  
7 was not the case. I'm not sure who I talked to down  
8 there.

9 Q. And so to date, the district has  
10 not received any information about --

11 A. No.

12 Q. -- from the City of Ashland about  
13 the accuracy of its master meter?

14 A. No, we have not.

15 Q. What about the other wholesale  
16 purchaser -- or suppliers?

17 A. We've never had a problem getting  
18 the test results from them. Just Ashland.

19 Q. And there's never been an issue  
20 with accuracy on those meters?

21 A. One time we had to change a meter  
22 out. It's real slow. And they changed it out the  
23 same day because C.I. Thornburg had the meter in  
24 stock, but they changed it out the same day that they  
25 done the test.

1 Q. And when the customer meters are  
2 pulled to be tested --

3 A. Uh-huh.

4 Q. -- you said that the district has  
5 its own test bench; does it also send meters out to  
6 be tested by third parties?

7 A. No, just our bigger meters. When  
8 we don't have time for -- we got a portable test  
9 meter that we can test our meters in-ground, if we  
10 would not have time to do that or the capability to  
11 do it, then we could send them off and have them  
12 tested. DNK or Afton Dyer.

13 Q. Does the district keep track of  
14 the results of the test of the meters?

15 A. Yes.

16 Q. And are they -- is there any  
17 discrepancy, either slow or fast, that the district  
18 has detected in the performance of the meters  
19 historically?

20 A. Yes. I mean, if a meter is slow,  
21 then we can bill the customer for the percentage of  
22 what we've lost. I've never yet had a meter test  
23 fast since I've been here.

24 MR. PARK: I have nothing further.

25 CHAIRMAN SCHMITT: Mr. Cicero.

1 CROSS-EXAMINATION

2 BY MR. CICERO:

3 Q. So just for clarification, you  
4 contacted somebody about purchasing water from the  
5 City of Ashland and then raising your rate, and  
6 thinking they fell under the PSC jurisdiction, and  
7 you couldn't get a response that affirmed that or --

8 A. When I called here, I talked to a  
9 lawyer, I'm not sure what his name was, but they gave  
10 me to the law area, and he said that just because  
11 they sell us water does not mean that they fall under  
12 Public Service Commission rules, or that meter falls  
13 under Public Service Commission rules.

14 Q. Is there a contract?

15 A. We have a contract, yes.

16 Q. Have you talked to Mr. Wuetcher  
17 about that situation on whether the PSC had  
18 jurisdiction or not?

19 MR. WUETCHER: Your Honor, I can tell you  
20 that since I've been retained by Big Sandy,  
21 we have had that discussion, yes, and  
22 obviously I don't agree with the opinion  
23 that Mr. Blanton received.

24 MR. CICERO: Okay. I just wanted --

25 CHAIRMAN SCHMITT: We don't agree with it

1           either.

2           MR. CICERO: I don't agree with it either.

3           CHAIRMAN SCHMITT: Whenever you get -- I  
4           mean, Ashland, we understand, is going to  
5           come in -- is going to file for another  
6           increase in wholesale water rates, and it  
7           might be worthwhile to have somebody contest  
8           that and make them prove something, because  
9           they're not getting an increase unless we  
10          can make sure the meters are accurate, and  
11          it's as simple as that.

12       BY MR. CICERO:

13           Q.           I just wanted to clarify that for  
14          you. I was pretty certain that they do fall under  
15          PSC jurisdiction, but I knew Mr. Wuetcher could give  
16          you the correct answer there.

17           A.           And I thought so too, and that's  
18          the reason I made the phone call myself.

19           Q.           And you were correct, I believe.

20          CHAIRMAN SCHMITT: We all make mistakes.

21           A.           Absolutely.

22           Q.           You said currently there's 2100  
23          meters that haven't been tested?

24           A.           Yes, we need to test them.

25           Q.           And that's out of how many?

1 A. Forty-seven, 4800.  
2 MS. BROWN: 4,750, 4,800.  
3 A. Yeah, it varies, our customers  
4 does.  
5 Q. So basically call it 40 percent,  
6 and it says hope -- in this response, it says -- this  
7 is on some questions I had from staff, but it talks  
8 about district hopes to be compliant with meter  
9 testing requirements by the summer 2016; was that  
10 supposed to be 2019 or was that an old response?  
11 MR. PARK: That was, I believe, a response  
12 to a 2015 inspection.  
13 MR. CICERO: Okay.  
14 BY MR. CICERO:  
15 Q. So now we're in 2019.  
16 A. Yeah.  
17 Q. And you're still 2100 behind?  
18 A. (Witness nodding.)  
19 Q. And that was an old, old  
20 inspection.  
21 A. Uh-huh.  
22 Q. So what's the new, new answer?  
23 A. At the time, we had six  
24 employees.  
25 Q. Uh-huh.

1           A.           I was the manager and trying to  
2 work outside and meter test, whatever. Now we're up  
3 to eight employees, plus also money, we did not have  
4 the money to buy new meters, and today that's the  
5 problem also.

6           Q.           So there's two different issues  
7 there?

8           A.           Uh-huh.

9           Q.           One is whether you've inspected  
10 your meters and they're compliant with the  
11 requirement to check them within every 10 years. And  
12 the second issue is are you going to try to purchase  
13 new meters? Is there a proposal or some kind of plan  
14 to purchase new meters?

15          A.           We just -- Mr. McDaniels called  
16 Neptune and had a schedule of meters to be sent in  
17 every month, and then we do not have the money, so we  
18 had to back up and stop that.

19          Q.           So this wasn't an overall replace  
20 the meters at one time, this was a gradual  
21 replacement of meters?

22          A.           Yes.

23          Q.           So you never went out for a  
24 project or a grant requesting --

25          A.           He -- he promised to buy so many

1 meters, and I think --

2 THE WITNESS: Was it 1,600?

3 MS. BROWN: Yeah.

4 A. At a hundred meters per month,  
5 and we got a reduced price on that. I'm not sure how  
6 much of a reduced price. I did not make the phone  
7 call.

8 Q. So when those agreements are  
9 made --

10 A. Uh-huh.

11 Q. -- is that something you're  
12 involved in --

13 A. No.

14 Q. -- the board is involved with,  
15 the office manager is involved in, or who -- who  
16 makes that commitment for 1,600 meters, a hundred  
17 meters a month?

18 A. Mr. McDaniels made the  
19 commitment, and then whenever he was involving  
20 Ms. Brown --

21 MS. BROWN: I got the bill.

22 A. -- she said we do not have the  
23 money. And he had to call back and cancel on the  
24 meter order.

25 Q. So he didn't need to receive

1 board approval?

2 A. No, that -- I cannot answer that.

3 Q. I'm sorry, I missed the first  
4 part of the cross-examination of witnesses, but I was  
5 tied up in there.

6 A. I understand.

7 Q. And I probably -- if I would have  
8 had the chance, I would have asked Mr. Thomas, so --  
9 he's still under oath so I can probably still bring  
10 him back up and ask him what kind of input the board  
11 had. But it sounds to me like you're not going to  
12 meet the obligation, the statutory obligation to have  
13 your meters inspected within the requirement of 10  
14 years?

15 A. No.

16 Q. And it doesn't sound like you a  
17 plan to do that either?

18 A. And I hope you all understand  
19 this, we've got a four-meter test bench, we can put  
20 four meters on this bench, and one hour later they  
21 can be tested. Now, if they test good, they're ready  
22 to be put back in the ground. If part of them -- if  
23 half of them test good and the other half test bad,  
24 then two of them goes on the shelf, they're ready to  
25 be put back in the ground. The other two has to be

1 repaired, whether register, chamber, whatever. And  
2 then you got to retest this meter again. You see  
3 what I'm saying?

4 Q. Uh-huh.

5 A. So now we're at two and a half  
6 hours. And then if all these meters test, you're at  
7 six meters.

8 Q. So what if you tested the second  
9 time and it fails?

10 A. You got to redo it again.

11 Q. At what point do you decide the  
12 repairing and retesting is not worth the value of  
13 replacing?

14 A. Well, for \$15 more, we can buy  
15 brand-new meters right now. And then once the meter  
16 is taken out of the ground, we put a brand-new one in  
17 its place, and we have to test that one. PSC says  
18 that we have to test it as an as-found test. And if  
19 that meter tests good, we can put it back in the  
20 ground. If it's bad, we can scrap that meter.

21 Q. PSC also says you have to test  
22 your meters within every 10 years.

23 A. Absolutely.

24 Q. So there's something missing  
25 somewhere in this equation.

1           A.           We need to upsize our meter test  
2 bench. If we upsize to an eight, we can double how  
3 many meters we test per day.

4           Q.           So that's an "if," but that  
5 doesn't sound like that's in anybody's plans or --

6           A.           We discussed -- they discussed in  
7 last month's meeting to upsize the meter room, or the  
8 meter building, and to get a quote on upsizing our  
9 meter test bench.

10          Q.           So as a post-hearing data  
11 request, can I have -- request some type of a plan on  
12 how they intend to meet the obligation to have the  
13 meters tested within the 10-year cycle? And I'm not  
14 looking for you to magically have everything tested,  
15 but just some kind of a plan that says this is how  
16 we're going to do it or this is how we think we can  
17 do it, this is the timeline that we might be able to  
18 do it in. But if there's no plan established, then  
19 it will never happen and you'll continue to not have  
20 enough bench space and they won't be completed and  
21 nothing will happen.

22          A.           Right. I believe if we could get  
23 some money to upsize our test bench and to buy some  
24 meters -- and I don't think we have to buy a complete  
25 21-, 2,200 meters, because all the meters that we

1 take out of the ground are not going to fail. So if  
2 we had 1500 meters, and then as we're changing these  
3 out, we can also be testing the meters that we're  
4 pulling out of the ground. And the ones that's good  
5 can be going right back in. And I believe that would  
6 make up the difference between 1500 meters and the  
7 2200 meters. Do you understand what I'm saying?

8 Q. And you probably answered this  
9 question before, and I'm sorry, but what's the  
10 average age of your meters?

11 A. I do not know that answer.

12 Q. Are they older than 15 years?

13 A. We bought -- we started putting  
14 in the radio-read meters in 2003, and we did not  
15 change all of our meters starting in 2003. We  
16 changed quite a few, I don't know the number, in  
17 2003. And then as we got some more money, say, in  
18 2005, 2006, we started changing meters out again  
19 because we was touch-read. So we tried to change  
20 them out as fast as possible, but I do not know  
21 exactly how old they are. No, I don't.

22 Q. Did all of them -- were they all  
23 changed out in 2003, '5 or '6?

24 A. That's what I'm saying, I'm not  
25 sure how many meters that we purchased.

1 MS. BROWN: I don't think.  
2 A. As we got money, we bought more  
3 meters.  
4 Q. So some of them could be older  
5 than 2003?  
6 A. No, we didn't start putting in  
7 the radio-read until 2003. That was our first year.  
8 Q. Right. Have they all been  
9 replaced at least since 2003?  
10 A. Yes.  
11 Q. Okay. So the oldest is 2003?  
12 A. Yes.  
13 Q. Basically, at this point, 16  
14 years old?  
15 A. Sixteen years, yes.  
16 Q. Do you know what the life cycle  
17 of the meters are?  
18 A. I know they're supposed to be  
19 changed out every 10 years, or tested.  
20 Q. That's tested, but what's the  
21 life expectancy?  
22 A. I'd say there's a lot of -- it  
23 depends on the quality of the water.  
24 Q. What's the life expectancy as far  
25 as Big Sandy is concerned?

1           A.           I do not know. I know that we  
2 need to change these meters. We just don't have --  
3 back in 2015 and '16, we didn't have the money or the  
4 manpower to trade these meters out and buy new meters  
5 and install them.

6           Q.           So will Ms. Brown know what the  
7 depreciation life schedule is or is that being done  
8 by an accountant?

9           A.           I do not know that.

10          MS. BROWN: It would be in our audit, I  
11 think, but I do not know offhand what that  
12 would say.

13          MR. CICERO: Okay.

14          MS. BROWN: I'm sorry.

15          MR. CICERO: That's all right.

16 BY MR. CICERO:

17          Q.           So you're considered the  
18 operator; you retired and you came back?

19          A.           Yes.

20          Q.           And now you're -- are you  
21 managing or are you just -- your legacy knowledge is  
22 what they're utilizing in order to help manage this  
23 system?

24          A.           My knowledge, yes.

25          Q.           And do you meet with the board --

1 or so you're there to make sure the system works?

2 A. Yes.

3 MR. CICERO: I don't think I have any other  
4 questions, Chairman.

5 CROSS-EXAMINATION

6 BY CHAIRMAN SCHMITT:

7 Q. A lot of districts, when meters  
8 get 10 or 12 years old, they just replace them all,  
9 then test them.

10 A. Yes.

11 Q. And I know -- I guess we've had  
12 some people say, well, we've -- you're testing, all  
13 of the meters aren't bad, but if you bought a lot of  
14 meters and -- say 1000 meters in 2003, and 40 percent  
15 of them were bad, the 60 percent that you replaced  
16 probably aren't going to be around a lot longer.

17 A. Right.

18 Q. It's like lightbulbs, I put two  
19 in and one, you know, burns out, how long will the  
20 next one go, because they're probably -- I won't say  
21 planned obsolescence, but they'll probably last about  
22 the same period of time. Does that make any sense?

23 A. Yes. But we do -- once that  
24 meter comes out of the ground, we have to test it.

25 Q. Sure.

1           A.           Just to make sure that it is  
2 compliant.

3           Q.           I'm trying to look at your  
4 depreciation schedule. Your meters, unfortunately,  
5 are being depreciated on it looks a 20-year life, but  
6 they probably won't -- I know somebody will say --  
7 the manufacture will say they're good for 20 years.

8           A.           Yes.

9           Q.           But we've had some come in here  
10 with 15 years and basically they all had to go.

11          A.           Right.

12          Q.           So I don't know what the --  
13 anyway, when you were, I guess when you were the  
14 outside supervisor or superintendent, we've been  
15 asking everybody, you heard me about what supervisors  
16 are paid on water districts. When you were the  
17 outside supervisor, how were you paid? Were you paid  
18 by the hour?

19          A.           Hourly.

20          Q.           What was your hourly rate at the  
21 time you retired?

22          A.           23 -- \$23 an hour.

23          Q.           Okay. Now you're back. Are you  
24 doing better now than you were then?

25          A.           No.

1 Q. But you're getting retirement on  
2 the first time around?

3 A. Yes. Yes.

4 CHAIRMAN SCHMITT: I don't think I have any  
5 other questions. Thank you. Mr. McNeil?

6 MR. McNEIL: Just a few. Thank you.

7 CROSS-EXAMINATION

8 BY MR. McNEIL:

9 Q. Mr. Blanton, so how many meters  
10 do you have in inventory that have been repaired or  
11 are new that haven't been put back that need to be  
12 put back in service?

13 A. It changes daily.

14 Q. Okay.

15 A. Right now I would say roughly 20  
16 to 40 meters.

17 Q. Okay.

18 A. That are ready to be put in the  
19 ground. Now, I can go back this evening, there might  
20 be five because the boys have been changing meters  
21 out. But now we do have probably 40 -- 30 to  
22 40 meters on the shelf that we're waiting on  
23 chambers, we've had to order new chambers, that we  
24 can get put in these meters and test them again to  
25 see if they are going to be in compliance, and then

1 put them back in the ground.

2 Q. So depending on the data,  
3 staffing level is adequate to get repaired meters  
4 changed out mostly consistently; is that right?

5 A. Yes. Yes.

6 Q. Okay. What about water theft, is  
7 that an issue for the district?

8 A. Very small.

9 Q. Very small?

10 A. Uh-huh.

11 Q. In responses there wasn't a  
12 formal written policy, but there was a policy and  
13 there were a few referrals to the county attorney?

14 A. Yes.

15 Q. When you do have them --

16 A. We prosecute.

17 Q. -- you have a procedure and  
18 prosecute?

19 A. Yes.

20 MR. McNEIL: No further questions, Chairman.

21 CHAIRMAN SCHMITT: Mr. Wuetcher?

22 MR. WUETCHER: Just one I hope.

23 REDIRECT EXAMINATION

24 BY MR. WUETCHER:

25 Q. You were questioned about the

1 SCADA system. Do you have the ability to remotely  
2 control your pumps?

3 A. Yes.

4 Q. So if you need to, you can,  
5 either from the office or somewhere else, turn them  
6 off or on?

7 A. Yes, as long as I've got Wi-Fi or  
8 good cell phone service, I can use my phone to do  
9 that.

10 MR. WUETCHER: That's all I have.

11 CHAIRMAN SCHMITT: Anything else, Mr. Park?

12 MR. PARK: No.

13 CHAIRMAN SCHMITT: Can this witness be  
14 excused?

15 MR. PARK: Yes.

16 CHAIRMAN SCHMITT: Commissioner Cicero, did  
17 you have a question to ask the board chair  
18 or was that answered through somebody else?

19 MR. CICERO: No, I got to remember what I  
20 was going to ask him.

21 CHAIRMAN SCHMITT: Yeah, I think it involved  
22 something about the purchase of new meters  
23 and --

24 MR. CICERO: Who approved it?

25 CHAIRMAN SCHMITT: -- and the office manager

1           said we didn't have the money. And the  
2           question was: Did that get to the  
3           commissioners or what was the commissioners'  
4           role. Would you mind -- you're still under  
5           oath, would you mind answering that question  
6           if you can, Mr. Thomas?

7           MR. THOMAS: If I remember correct and --  
8           I'm going by memory and you know how that  
9           goes when you get old -- we authorized him  
10          to purchase 100 meters a month. And I don't  
11          know where the 1,600 come in, but it was  
12          stipulated with funds as they're available,  
13          so --

14          MR. CICERO: So then he did receive board  
15          approval for 100 per month?

16          MR. THOMAS: Yes.

17          MR. CICERO: 1,600 is up in the air whether  
18          that was the number or not. And it was  
19          based on if funds are available. But it  
20          sounds like he may have made a commitment to  
21          the 100 a month whether or not the funds  
22          were available or not.

23          MR. THOMAS: Yeah. I think he had the water  
24          district's good in mind when he was -- and  
25          he worked a deal where he'd probably get

1           them cheaper if he did purchase that 1,600  
2           and they were going to deliver 100 a month,  
3           but we just didn't have the funds to pay for  
4           that.  
5           MR. CICERO: So was there a financial  
6           penalty?  
7           MR. THOMAS: Not that I'm aware of.  
8           MR. CICERO: Okay. Would Ms. Brown know  
9           that?  
10          MS. BROWN: I don't know. Going back to  
11          Jimmy, I didn't realize there was an actual  
12          verbal contract. All I knew was when I got  
13          the bill it says -- we got 75 the first  
14          time, we got that bill, so we paid that, but  
15          then down at the bottom it said 100 to be  
16          delivered, like, July 15, 100 August 15,  
17          then it went on like that. And I asked him  
18          at that point, I said, are we supposed to be  
19          getting more meters. And he said, yes. And  
20          I said, and how are we going to pay for it.  
21          And he said, well, I don't know. He said,  
22          do I need to cancel it. And I said, you  
23          might need to cancel it and talk to the  
24          board at our meeting and go from there,  
25          because I don't know where the money was

1 going to come from to pay for it every month  
2 right now, until we get maybe reimbursement  
3 or something from the project that we're  
4 getting ready to start.

5 MR. CICERO: Okay. So, Mr. Park, are you  
6 going to call Ms. Brown?

7 MR. PARK: Yes.

8 MR. CICERO: Okay. So when you come up to  
9 the stand, that will give you a better  
10 opportunity -- I see you're trying to duck  
11 back and forth behind Mr. Wuetcher there.

12 MS. BROWN: I'm sorry.

13 MR. CICERO: That's all right.

14 CHAIRMAN SCHMITT: Mr. Wuetcher is your  
15 lawyer, you always got to hide behind the  
16 lawyer.

17 MS. BROWN: That's a good place.

18 CHAIRMAN SCHMITT: All right. Do you have  
19 another witness, Mr. Park?

20 MR. PARK: Yes. Staff would like to  
21 question Mr. Sisler.

22 CHAIRMAN SCHMITT: Please raise your right  
23 hand?

24 (Witness is sworn.)

25 DIRECT EXAMINATION

1 BY MR. WUETCHER:

2 Q. Good afternoon, Mr. Sisler.

3 A. Yes, sir.

4 Q. Would you please tell the  
5 Commission your name and business address?

6 A. Joseph F. Sisler. I'm president  
7 of Sisler-Maggard Engineering, 220 East Reynolds  
8 Road, Suite A3, Lexington 40517.

9 Q. And do you provide engineering  
10 services to Big Sandy Water District?

11 A. We do, sir.

12 Q. And how long have -- has your  
13 firm provided engineering services to them?

14 A. Our firm, Sisler-Maggard, has  
15 provided those services since 2002, and I personally  
16 have been involved with Big Sandy Water District  
17 since 1981.

18 Q. And is it correct that you attend  
19 all of the monthly board meetings of the board of  
20 commissioners for Big Sandy Water District?

21 A. I do when a project or they call  
22 me for something. But generally as the project is  
23 being developed, I'm at every meeting.

24 Q. You were listed as the person  
25 responsible for some of the responses in the requests

1 for information, and in the responses to the  
2 Commission's order; is that correct?

3 A. That is correct.

4 Q. And have you reviewed those  
5 responses?

6 A. Yes.

7 MR. WUETCHER: Okay. With that, I'm going  
8 to go ahead and turn the witness over for  
9 examination.

10 CROSS-EXAMINATION

11 BY MR. PARK:

12 Q. Good afternoon, Mr. Sisler.  
13 We've heard testimony today about a pending project,  
14 an application has been submitted, I've seen it  
15 called a Scattered Site Water Service Line  
16 Replacement Project and the Phase 5 Water System  
17 Improvement Project. There's only one project; is  
18 that correct?

19 A. That's correct, just one project.

20 Q. And what is the correct name to  
21 refer to the project or title?

22 A. We refer to it as Phase 5 Water  
23 System Improvements.

24 Q. Okay. And could you please  
25 describe the current status of that project?

1           A.           That project received a letter of  
2 conditions in September of 2018. We developed the  
3 plans for the project and have bid that project in  
4 June. We have completed the final engineering report  
5 on that project and submitted it to the Rural  
6 Development on June the 27th. So the bids were set  
7 to be held for 90 days, which is the standard Rural  
8 Development requirement. Subsequently, once they  
9 send it forward to Atlanta for the regional attorney,  
10 we would expect to begin construction in September of  
11 2019.

12           Q.           And what is the total amount of  
13 the project financing?

14           A.           The total amount, as submitted  
15 under the final engineering report, is \$3,040,000.

16           Q.           And that figure is from -- what  
17 did you say was the source of that figure, that's in  
18 the --

19           A.           In the final engineering report.

20           Q.           Final engineering report.

21           A.           Based on the bids and what have  
22 you that we received.

23           Q.           Like a post-hearing data request  
24 for that engineering report.

25           A.           Well, that would -- that would be

1 submitted to PSC with the certificate under 023.

2 Q. With the application?

3 A. Yes. Yes. And I have it, be  
4 glad to submit it now. I mean, that's not a problem.

5 CHAIRMAN SCHMITT: You ought to go ahead and  
6 submit it now.

7 THE WITNESS: Yes, sir, I'd be glad to.

8 A. And your next question will  
9 probably be how is the breakdown of the funding,  
10 because I heard earlier in the testimony about grants  
11 and loans.

12 Q. Yes.

13 A. And the anticipated grant on  
14 that -- and it's all funded by Rural Development --  
15 is \$845,000 in Rural Development grant, \$2,065,000 in  
16 Rural Development loan, which will be at, I believe,  
17 two and an eighth percent, 40 years, and applicant  
18 contribution of 130,000.

19 Counsel, I had heard you mentioned 88,000  
20 under the original project, but it's now at 130  
21 contribution.

22 Q. 130. And how did the project get  
23 from, I believe it was roughly 2 million, two hundred  
24 twenty, two hundred forty thousand, up to 3 million.  
25 What accounts for the increase in the project size?

1           A.           Primarily -- I heard the  
2 testimony from Chairman and Mr. Blanton also, and you  
3 used the term 750 under the WRIS project, which this  
4 project began in 2015, consistent with PSC saying you  
5 fellows need to take care of your leaks. And after  
6 2015, the board said to their engineer, we need to  
7 take care of our leaks, so that's when this project  
8 began.

9           Q.           That's when they first tasked  
10 your firm to developed this?

11          A.           Yes. And at the time -- you  
12 mentioned 750 services. It turns out that once we  
13 designed in the field, there are 1220 services. And  
14 I think you had mentioned under that original WRIS  
15 maybe 40,000 feet of service line, it turns out it  
16 was 47,000 feet of BlueMax that will be replaced.

17          Q.           Okay. And those bids have gone  
18 out. Do you have a rough estimate of what that will  
19 cost with the increased number of service lines to be  
20 replaced?

21          A.           The service line and stream  
22 crossing contract, that contract alone is \$778,000.

23          Q.           And that's for both?

24          A.           And this bid tabulation is part  
25 of the final engineering report that we'd be glad to

1 furnish. And we had anticipated that probably at,  
2 like, \$400,000, and that's kind of how we got from  
3 two million two to \$3 million.

4 Q. And just to be clear, that's for  
5 both the replacement of the BlueMax service lines as  
6 well as the stream crossings?

7 A. Yes, sir.

8 Q. What about the issue of the --  
9 you've heard testimony about the meters that have  
10 been in service for 10 years or more without being  
11 tested. Will this project -- specific project  
12 include any funds for purchase of new meters or a new  
13 meter test bench or any measures to help the district  
14 bring its --

15 A. Not directly. But this project  
16 will help the district have funds to purchase meters.  
17 And the reason I say that is, as you've heard in the  
18 testimony previously, out of this project there will  
19 be rebates, refunds, whatever you want to call it  
20 from the project from Rural Development when those --  
21 when that loan is closed in the amount of about  
22 \$144,000.

23 As you heard them say, at our  
24 recommendation and their request, they purchased  
25 \$30,000 in these valves that they have already paid

1 for, that they're in the process of installing to  
2 isolate their system. They are repairing a --  
3 politely, a deteriorated pump station that they have  
4 already bought the pumps and are building the  
5 building right now and replacing that, and that was  
6 part of the project, so that is funded by Rural  
7 Development, and that's close to \$40,000 that they  
8 will get back. And they have repaired on 9/6 of '18,  
9 which coincidentally was about the date of the letter  
10 of conditions from Rural Development, when one of the  
11 stream crossings that we had designed failed. And  
12 then on 5/3 of '19, another stream crossing failed.  
13 And so that's \$76,000 that the district has paid for.  
14 So those are the items that they will get back at  
15 loan closing or pre-closing in the fall of this year.

16 Q. So what's the total amount?

17 A. \$144,000. So that will help  
18 replenish their treasury that they can do --

19 Q. Provide some money for meter  
20 purchases?

21 A. Yes.

22 Q. Are you aware of any discussions  
23 or plans to use that pot of reimbursement pre-spent  
24 project funds?

25 A. I really hadn't added those

1 numbers up, although the FER that I've gone over with  
2 the district has those items listed in it, but I  
3 don't remember them talking about, well, once we get  
4 that back, we'll buy meters.

5 Q. And you say it's listed in the  
6 engineering report, the amount of money that they'll  
7 be getting back is mentioned in there?

8 A. In the final engineering report,  
9 yes.

10 Q. And does that also include the  
11 land purchase adjacent to their building?

12 A. It does, sir.

13 Q. We've also seen statements that  
14 it's anticipated that the replacement of this  
15 BlueMax -- or these BlueMax service lines will result  
16 in a 75 percent reduction of water loss. Are you  
17 familiar with those statements?

18 A. Well, we've talked about this,  
19 and Mr. Blanton was the field representative, or  
20 supervisor, at the time, in 2015, and we talked about  
21 the numbers of these, and we talked about general  
22 infrastructure problems. And as you heard in his  
23 testimony, you know, we have high pressures in  
24 Eastern Kentucky. You know, they have, you know,  
25 seven tanks that were worked on, and that's not all

1 of their tanks, and multiple pump stations and  
2 pressures that I have clients in the low-lyings here  
3 that, you know, carry 75, 80 pounds in their system.  
4 They carry, you know, 200 pounds in their system.  
5 And so even with the 200 pounds in their system,  
6 their base PVC water lines -- and they have some C900  
7 PVC water lines, but those lines are not failing,  
8 those joints and whatever, you know, that base  
9 infrastructure is not failing at this time. So we  
10 believe that these BlueMax repairs, replacements I  
11 guess is a better term, will cut the leaks down.  
12 Seventy-five percent, I don't know, that's pretty  
13 much.

14 Q. There's no study done to come up  
15 with that --

16 A. No, sir.

17 Q. -- just an estimate?

18 A. No, sir.

19 Q. And that's based on the  
20 district's knowledge of where it's experienced its  
21 problems?

22 A. Yes.

23 Q. Do you know long -- or do you  
24 know how long it's anticipated for the service line  
25 replacements to be completed? Will it be done in

1 stages or --

2 A. The contract -- the contract has  
3 an eight-month limit.

4 Q. Is there a possibility that the  
5 project will only be partially funded?

6 A. No. I probably shouldn't say no.  
7 I don't believe so. Rural Development has said that  
8 they have the funds when I sent the FER in, that they  
9 could expand the funds.

10 Q. Okay. Has there been a new --  
11 I'll strike that.

12 With the RD letter, they had a schedule of  
13 required rates based upon the project at that time?

14 A. Yes.

15 Q. Do they have a new -- has a new  
16 schedule of rates been developed based upon this new  
17 finance amount?

18 A. Yes, a new schedule was submitted  
19 with our final engineering report to them, and it  
20 will require -- or it is, in our calculation, an  
21 8 percent increase across the board.

22 Q. And how is that rate determined?  
23 Is that determined by you or RD or --

24 A. Ultimately it's RD, under 023.  
25 Our calculations have shown that and that -- that is

1 to cover the additional debt service and some  
2 depreciation.

3 Q. Can you elaborate on what you  
4 mean by some depreciation?

5 A. Well, you know, the Rural  
6 Development letter of condition has a set amount that  
7 she -- she, Ms. Brown, you know, is to set aside for  
8 depreciation, and we calculate that debt coverage at  
9 10 percent above the debt requirements and a like  
10 amount in the depreciation that is set aside in the  
11 original letter of conditions.

12 Q. Okay. And do you anticipate the  
13 district will be submitting a rate application, a  
14 278.023 application -- or when do you anticipate the  
15 district will submit one?

16 A. I would expect that to be in  
17 August.

18 Q. In August?

19 A. Yes. I've spoken to Rural  
20 Development this week and they're reviewing the  
21 documents -- their engineering has reviewed the FER  
22 and approved it, and now they're shuffling the  
23 numbers. Then it goes, as you know, it goes to  
24 Atlanta. And then once Atlanta approves it, then  
25 Mr. Jones will be submitting the certificate

1 application to PSC.

2 Q. In a position to move forward.

3 MR. PARK: I have no further questions.

4 CHAIRMAN SCHMITT: Mr. Cicero?

5 CROSS-EXAMINATION

6 BY MR. CICERO:

7 Q. Let's go back to some  
8 depreciation. Okay?

9 A. Yes.

10 Q. You're referring to some  
11 depreciation meaning any depreciation associated with  
12 the project?

13 A. Yes, sir.

14 Q. So the some depreciation is not  
15 the whole depreciation of whatever else that's being  
16 depreciated, just project depreciation?

17 A. Correct.

18 Q. So RD covers of all the  
19 depreciation for those items?

20 A. Yes.

21 Q. I'm curious, you indicated  
22 there's \$144,000 of reimbursements that the district  
23 could get back if the projects are approved,  
24 including there's a building being constructed for  
25 \$40,000, there's some creek-crossing projects, some

1 valves that have already been paid for; is that  
2 correct?

3 A. Yes, sir. When I say building,  
4 that is the pump station.

5 Q. Right. It's just a matter of  
6 being simple about it.

7 A. Okay.

8 Q. Why did the district find it  
9 necessary to spend 144,000 up front prior to the  
10 project's approval when they were having difficulty  
11 paying for even 100 meters a month replacement when  
12 possibly some of that cash could have gone to that?

13 A. When this project began to be  
14 devised in 2015, up through basically 2017,  
15 Mr. Blanton and my staff, we talked about the various  
16 stream crossings that either he had seen problems or  
17 due to the terrain he anticipated problems, and we  
18 went to the field and surveyed those in our design,  
19 and we designed to fix seven stream crossings in this  
20 project.

21 Unfortunately, the dates that I quoted  
22 there in September of '18 and May of '19, two of  
23 those failed. And so they had to go out -- they  
24 didn't do them, they had to go out and hire those,  
25 and they were both done by horizontal drilling and

1 material and using HDPE and those were replaced.

2 The Cunningham Hill Pump Station, which is  
3 30-some years old, was rusty and falling down, and  
4 they were afraid they were going to lose that  
5 building. So they've come beside that and they have  
6 contracted with somebody to build a building, and  
7 they are doing the piping and whatever to replace  
8 that before, in fact, it does stop.

9 So those -- the pump station, the two  
10 stream crossings, those were emergencies, and we went  
11 ahead and purchased the valves -- we bid them, but we  
12 purchased the valves so that they could begin to  
13 start isolating their system as soon as possible for  
14 leaks.

15 Q. And so I understand the stream  
16 crossings, that's obviously something that needs to  
17 be addressed immediately. The building, that's a  
18 judgment call, so I'm not going to question that one  
19 either. The valves, though, would seem -- how much  
20 were the valves that --

21 A. Well, we had 30,000 in the  
22 budget, and it turned out they bid out at \$29,827.

23 Q. So basically \$30,000 out of the  
24 144 that --

25 A. Yeah.

1 Q. -- I would say given the cash  
2 situation, while the intent was good, probably buying  
3 100 meters a month was a good intention too. Anyway,  
4 I just wanted a clarification on why that was a  
5 necessity, to spend the money.

6 MR. CICERO: All right. I don't have any  
7 other questions.

8 CROSS-EXAMINATION

9 BY CHAIRMAN SCHMITT:

10 Q. Basically, you do the work  
11 preparing the rate increase that is desired to go  
12 along with repaying the loan, and basically operating  
13 for a period of time while the loan is being paid,  
14 right?

15 A. Yes, sir.

16 Q. So what -- I'm trying to  
17 understand something about the process. So does  
18 basically -- I assume RD has some minimum amount that  
19 is required to ensure that money is available to  
20 repay their loan, right?

21 A. Yes, sir.

22 Q. Okay. And how much is that or  
23 how is it determined?

24 A. Well, based on this breakdown  
25 that I gave, and basically that grant amount is --

1 calculates out to be 27.8 percent, but Big Sandy  
2 is -- because it has Carter and Lawrence in the  
3 district, is eligible really for a 75 percent grant,  
4 but realistically, they say we will have maybe 30 --  
5 25 to 30 percent. So, basically, that loan is  
6 68 percent, and they're eligible for the low-interest  
7 loan, and they require -- so we calculate the 40  
8 years that that two and an eighth percent, and they  
9 require a 10 percent coverage. And so that's how the  
10 debt service requirement is there. And they -- they  
11 have a percentage that they calculate on the -- and  
12 it's not a calculation that I make, but a calculation  
13 that they make that requires the monthly deposits for  
14 covering the debt service and what have you, and that  
15 small amount of depreciation for this project.

16 Q. Well, I mean, if you said that  
17 you wanted more money, you wanted 10 percent or  
18 12 percent, and you calculated, well, this will pay  
19 you, but we really need a little -- we'd like to have  
20 more money than that, would they approve that or is  
21 this just basically a strict formula that they would  
22 restrict the amount of money that the district asks  
23 for a rate increase in general?

24 A. They may approve that. I've  
25 never asked that question.

1 Q. Okay.

2 A. And, you know, Big Sandy is a  
3 long-term customer, if you will, of Rural  
4 Development, and they've worked together a long time.  
5 I suspect that they could ask for more. Of course,  
6 as everyone here knows, you know, they -- there  
7 are -- this project, assuming the funding as we have  
8 proposed, you know, there's \$120,000 in there for  
9 contingency that can be used for any of these issues.

10 Q. Okay.

11 A. Mr. Chairman, one of the other  
12 things that I -- that has been discussed and probably  
13 ought to be on the record, the master meters that  
14 we've talked about putting in to isolate in the  
15 district, we have \$64,000 in the budget for that to  
16 be done, and as was asked about the GPS system, we do  
17 have \$30,000 to get started on the GPS system within  
18 this RD budget. So that's -- that's two more items  
19 that are in this budget of issues that have come in  
20 the discussion here.

21 Q. And if the contingency isn't  
22 used, isn't necessary to complete the project, the  
23 district has that -- those funds available to use as  
24 well, right?

25 A. Yes. Yes, sir. And we're highly

1 encouraged, even by Rural Development, because the  
2 last moneys that are expended in these projects is  
3 the grant money. The loan money -- the district's  
4 up-front money, the loan money, and then the grant  
5 money is the last thing, well, I certainly don't  
6 encourage my clients to mail grant money back. So --  
7 and this type of thing would certainly be -- this  
8 is -- in the definition to Rural Development, this is  
9 a water loss improvement project. So replacing these  
10 meters, very clearly they would approve as water loss  
11 improvements that would meet their criteria.

12 Q. Sometimes we've heard that -- in  
13 terms of moneys available, that there seems to be  
14 more money available for extending infrastructure to  
15 provide service to those who don't have it but not as  
16 much available to repair or replace the  
17 infrastructure that now has reached the end of its  
18 useful life; is that correct or incorrect?

19 A. I think that is a very true  
20 statement. I will say that I have seen, based on PSC  
21 push and theirs -- you know, one of the requirements  
22 that we have to show to RD is -- they have a  
23 15 percent water loss requirement too.

24 So one of the things that we have to  
25 furnish to RD is how are we going to get to that

1 level. Not only do we have to furnish that to PSC,  
2 but that is something we have to furnish to Rural  
3 Development. So that's the reason that this is  
4 defined to them as a water system -- water loss  
5 improvement project. And they -- they have not  
6 questioned that at all. But what you're saying is  
7 what it generally was, let's get new customers, and  
8 let's not -- we'll worry about the infrastructure  
9 later.

10 Q. So what we ought to be doing to  
11 the extent that we can is encouraging districts to go  
12 to RD and try to borrow money to get this  
13 infrastructure up to date, correct?

14 A. Yes, sir. Yes, sir.

15 CHAIRMAN SCHMITT: I don't have anything  
16 else.

17 RECROSS-EXAMINATION

18 BY MR. CICERO:

19 Q. So RD requires a water loss plan  
20 as part of the project?

21 A. Yes. Yes, sir.

22 Q. And that was -- you received  
23 their water loss -- was that submitted as part of a  
24 response to the hearing requests, the prehearing  
25 requests or --

1           A.           I believe it was. I believe --  
2 because I prepared a document to that effect that  
3 went to RD. And, of course, I've already admitted I  
4 helped prepare the response here, and I think if that  
5 was in one of your all's questions --

6           MR. PARK: I think that was in the first  
7 round of questions, when the district did  
8 not have the benefit of Mr. Wuetcher as  
9 counsel, and I do not believe one was  
10 produced in response to that. I could be  
11 mistaken.

12          MR. CICERO: If one exists, we should ask  
13 if --

14          MR. PARK: I'm not sure if I've seen it as  
15 part of the application, so we will put  
16 that -- if we don't have that, we'll put  
17 that in a post-hearing data request.

18 BY MR. CICERO:

19          Q.           It seems to me with all the  
20 hearings that we've had, there's others that say that  
21 we don't have a water loss prevention plan or a water  
22 loss reduction plan and if there is --

23          A.           You may be putting a better title  
24 on my plan than my plan really is.

25          Q.           Well, I don't know what RD

1 requires.

2 A. Right.

3 Q. I think this is the first time  
4 I've heard that they look at the 15 percent and  
5 require some kind of a plan to get to 15 percent. If  
6 that exists when people are doing an RD loan  
7 application, then we might as well find out what that  
8 is.

9 A. It certainly exists.

10 MR. CICERO: Thank you.

11 CHAIRMAN SCHMITT: We've got cases where  
12 people have had meters tested where they're  
13 losing 11, 12, 13 percent. Water is going  
14 to the customer that isn't getting paid for  
15 because the meters are running slow.

16 THE WITNESS: Yes. Yes.

17 CHAIRMAN SCHMITT: Mr. McNeil?

18 MR. McNEIL: I don't have any questions.

19 CHAIRMAN SCHMITT: Mr. Wuetcher?

20 MR. WUETCHER: No, sir, no questions.

21 CHAIRMAN SCHMITT: Anything else, Mr. Park?

22 MR. PARK: Nothing further.

23 CHAIRMAN SCHMITT: May Mr. Sisler be  
24 excused?

25 MR. PARK: Thank you.

1 CHAIRMAN SCHMITT: I anticipate you having  
2 one more witness.

3 MR. PARK: Yes, we do.

4 CHAIRMAN SCHMITT: I can tell she's anxious  
5 to get up here and tell her story.

6 MR. PARK: I didn't originally have any  
7 questions for her, but staff would like to  
8 question Teresa Brown.

9 CHAIRMAN SCHMITT: Ms. Brown, I was going to  
10 say will you raise your right hand.

11 (Witness is sworn.)

12 CHAIRMAN SCHMITT: Mr. Wuetcher.

13 DIRECT EXAMINATION

14 BY MR. WUETCHER:

15 Q. Good afternoon, Ms. Brown. Would  
16 you please state your name and business address for  
17 the Commission?

18 A. Teresa Brown, Big Sandy Water  
19 District, 18200 State Route 3, Cattletsburg 41129.

20 Q. And are you an employee of the  
21 Big Sandy Water District?

22 A. Yes.

23 Q. What's your position with the  
24 district?

25 A. Office manager.

1 Q. And how long have you been  
2 employed with the district?

3 A. Twenty-one years.

4 Q. And how long have you been office  
5 manager?

6 A. Twelve years.

7 Q. Okay.

8 A. Ultimately.

9 Q. There was testimony before that  
10 the district has two lines of operation, an outside  
11 supervisor and an inside supervisor. Would it be  
12 correct to say that as office manager, you're  
13 responsible for all the inside operations?

14 A. Yes.

15 Q. And would that include all  
16 bookkeeping and other matters of that nature?

17 A. Yes.

18 Q. Were you involved in preparing  
19 responses to the Commission's order and request for  
20 information?

21 A. Yes.

22 Q. And for those responses that you  
23 were indicated -- that you were listed as the  
24 witness, have you reviewed those and are your answers  
25 the same today as they were when you submitted them?

1 A. Yes.

2 MR. WUETCHER: With that, I would tender the  
3 witness for examination by staff.

4 CHAIRMAN SCHMITT: Mr. Park.

5 MR. PARK: Yes.

6 CROSS-EXAMINATION

7 BY MR. PARK:

8 Q. Good afternoon, Ms. Brown.  
9 First, I'd like to ask a question about a document  
10 provided by the district in its July 15 filing on  
11 Tab 3, which we've referred to previously, and that's  
12 the determination of excessive water loss cost.

13 A. Okay.

14 Q. And specifically, the question  
15 was asked about how the average cost of water was  
16 determined in light of the fact that the district has  
17 multiple wholesale suppliers, and it was indicated  
18 you would be the person to respond to that.

19 A. Right. We've purchased water  
20 from five different utilities, and that was taken --  
21 all those were taken in consideration, and then that  
22 was the average cost of what that would be, is how  
23 that was arrived at.

24 Q. So basically using the gallons  
25 purchased compared to the total --

1 A. Yes.

2 Q. -- and weighing them by the  
3 weight.

4 A. Uh-huh.

5 Q. And we'd like a post-hearing data  
6 request for a copy of those calculations.

7 A. Okay.

8 MR. WUETCHER: Would you like the  
9 spreadsheet that was used to prepare it?

10 MR. PARK: Certainly.

11 BY MR. PARK:

12 Q. And we've heard testimony that  
13 the district has software that tracks the age of a  
14 meter and prompts the district about when the 10-year  
15 testing interval is coming up. Can you describe that  
16 software or how that's done?

17 A. It's actually put in for like the  
18 year, and then it'll -- then it'll print out however  
19 many that is that needs to be tested for that time  
20 period.

21 Q. You put in the year of  
22 installation and it will kick out all of those or --  
23 I'm not sure I understand how that works.

24 A. Let me see if I can explain it.  
25 Yeah, I think probably -- I can't -- I cannot answer

1 that exactly. I'm sorry.

2 Q. Okay.

3 A. I can get that information to  
4 you, though, that's not a problem. Sorry.

5 Q. We may follow up with a  
6 post-hearing data request on that.

7 A. Yes.

8 Q. And are you familiar with the  
9 district's leak adjustment policy?

10 A. Yes, I am.

11 Q. And could you please describe how  
12 the rate is determined for usage in excess of the  
13 customer's average?

14 A. Okay. Yes. We -- if a customer  
15 has a leak, the previous three months, we get an  
16 average of that, they pay for that at the regular  
17 rate. Anything over that is considered leak water  
18 and it's paid for at the lowest rate. At the present  
19 time that is 5.42 per thousand.

20 Q. Is that the same for the Overland  
21 district? Have you had any --

22 A. No, their lowest rate is 6.30  
23 something, I think, per thousand right now.

24 Q. And it depends on where the  
25 customer --

1           A.           Yeah, there's -- I think there's  
2 approximately 100 to 120 customers in Overland, and  
3 the rest of them are Big Sandy's customers.

4           Q.           How often do you all do leak  
5 adjustments for customers?

6           A.           In a month's time period,  
7 probably 10 to 12 I would say, maybe. It depends.

8           Q.           And regarding fire department  
9 usage, is that something you monitor or do you  
10 receive reports from the fire departments about  
11 usage?

12          A.           We do, yes.

13          Q.           Do they submit them in a timely  
14 fashion?

15          A.           They do now. We was having  
16 trouble with one fire department, but we did contact  
17 our local -- all the county judges that we serve, and  
18 they did submit letters to all the fire departments,  
19 and now we do not have a problem except for one.  
20 Take that back, Cherryville in Lawrence County, and  
21 we do not even know if they're actually considered a  
22 fire department anymore, but that's the only one we  
23 do not get in a timely matter now.

24          Q.           They're still using water from  
25 the hydrants or --

1 A. Not that we're aware of, no.

2 Q. What does the district plan to do  
3 with that situation?

4 A. I don't -- I don't know if we  
5 can -- if there's someone to contact through the  
6 fire -- whoever monitors fire departments to find  
7 that out. We did contact the judge in Lawrence  
8 County, but he couldn't even tell us if they were  
9 actually still in service.

10 Q. Okay.

11 MR. CICERO: There's nobody in safety and  
12 protection in the county that would --

13 THE WITNESS: I really didn't know who we  
14 would contact. Is that who we would contact  
15 or --

16 MR. CICERO: Usually there's a public  
17 safety --

18 MS. MATHEWS: Emergency management.

19 MR. CICERO: That would be involved with  
20 fire departments, I would think, that would  
21 validate whether or not it was an active  
22 fire department.

23 THE WITNESS: Just a background on our  
24 Cherryville Fire Department. We've had  
25 several problems with them. They have broke

1 the hydrant and they would also take water  
2 and not let us know and stuff like that,  
3 so --  
4 MR. CICERO: That's called theft.  
5 THE WITNESS: Yes.  
6 MR. CICERO: They should pay for it.  
7 THE WITNESS: Yeah, we've had problems with  
8 them. We did -- like I said, then, whoever  
9 was chief, they're no longer, and we don't  
10 even know who would be the chief or  
11 anything.  
12 MR. BLANTON: It was a husband and wife.  
13 The husband was the chief and the wife was  
14 the bookkeeper or whatever.  
15 MR. CICERO: So when they did that, did you  
16 issue them an invoice for water taken?  
17 THE WITNESS: I think we did try to -- we  
18 did submit things, but we never did receive  
19 anything from them, so -- and we didn't  
20 follow through.  
21 MR. BLANTON: There's one hydrant in their  
22 area.  
23 MR. CICERO: You're probably going to ask  
24 more questions about the fire department.  
25 MR. PARK: I wasn't planning on asking any

1 more.

2 MR. CICERO: I was just curious if when they  
3 don't pay -- you realize that there's a  
4 process for charging fire departments  
5 because they didn't provide an estimate and  
6 therefore you can issue -- you're aware of  
7 it?

8 THE WITNESS: We're aware of it but we have  
9 never done that, honestly. I mean, we were  
10 aware of it, yes.

11 MR. CICERO: And so it's in your tariff,  
12 right?

13 THE WITNESS: I think so, yes. We need to  
14 do that.

15 MR. CICERO: So you really should be doing  
16 that.

17 THE WITNESS: Yeah. Okay.

18 MR. PARK: Tariff Sheet 15.

19 THE WITNESS: Okay.

20 MR. CICERO: That's all my fire department  
21 questions.

22 BY MR. PARK:

23 Q. Okay. There's been testimony  
24 today about the potential or the possibilities for  
25 consolidation or regional cooperation. Do you see

1 that there could be any benefit of combining  
2 financial services amongst districts, billing,  
3 payroll, that sort -- do you think there could be any  
4 economies of scale on the financial side, the  
5 operational side?

6 A. I assume there could be, yes, I'm  
7 assuming.

8 Q. How many employees do you have in  
9 the office?

10 A. We have 11. Oh, in the office,  
11 three.

12 Q. And other than you, what do the  
13 other two do?

14 A. Well, they answer the telephone,  
15 they take payments. Bobbie is in charge of water  
16 loss, the meter readings. The other lady, she mostly  
17 just -- she fills in, but she doesn't have really --  
18 I mean, mostly hers is waiting on the customers most  
19 of the time, so --

20 Q. Okay. You said take care of  
21 water loss, you mean doing the water loss reports?

22 A. Yes. The field men will fill out  
23 the water loss report, but then it still has to be  
24 typed up. She has to get all the information  
25 together off the time sheets and work orders to --

1 and then she will write down whatever they have put  
2 on there to give them the estimate of -- you know,  
3 when they put like 2 gallons a minute or 5 gallons a  
4 minute on a leak or something like that, or how long  
5 they flushed. And then it's all there for them, and  
6 then however they calculate whatever they do, and  
7 then she types up all that information, you know,  
8 when it's completed and then it's submitted. I'm  
9 sure you've seen some of those in the minutes and  
10 stuff that was submitted, so --

11 Q. There's been testimony about  
12 several occasions on which the district had to expend  
13 funds for catastrophic failures of creek crossings.  
14 What's the source of the funds the district drew upon  
15 to pay for that?

16 A. Well, we have -- I mean, we had  
17 it in our --

18 Q. Sufficient?

19 A. At that time, yes, to pay for  
20 that, and we did pay for it just out of our general  
21 funds, revenue funds, so --

22 Q. And I may be incorrect, I thought  
23 I heard testimony that the district at one point had  
24 a practice to set aside on a regular basis, I don't  
25 know if it was a rainy day fund, did I misunderstand

1 that?

2 A. We did used to be able to do  
3 that, but we've not done that for a while now, so --

4 Q. Is there still such a fund in  
5 existence or has it been exhausted?

6 A. Yeah, it was exhausted. It was  
7 kind of considered an equipment fund maybe, but we've  
8 not put money in that for several years now, I don't  
9 think. And a lot of times that was to buy a new  
10 truck if one quit working or something like that,  
11 so --

12 Q. We've also heard testimony about  
13 the district's plans to purchase 100 meters a month,  
14 and then that ran into the fact that you didn't have  
15 the money to do that. So could you please provide  
16 some details about that transaction or that  
17 situation?

18 A. Okay. I get all the invoices,  
19 and I got an invoice for 75 meters, and I guess that  
20 was the first -- that was the first set, and I got  
21 the bill. And then down at the bottom there was --  
22 it said 100, and it said like July 15th, 100  
23 August 15th, and I'm not sure, but it was around the  
24 middle of the month, and then it went on down through  
25 there. And so I did ask Mr. McDaniels, and he said,

1 yes, he had -- that we was supposed to get these  
2 meters every month. And at that point I asked him  
3 how we was going to pay for all of that. And he  
4 said, well, do I need to cancel it. And I said,  
5 well, we'll pay for the next set, but after that, you  
6 may need to cancel it. I do not know if we'd be able  
7 to pay for it. And to talk to the board at our next  
8 board meeting, which would be next Wednesday, so --

9 Q. And Mr. McDaniels, at that point,  
10 was functioning as general manager or --

11 A. He is the maintenance supervisor.

12 Q. Okay. Is this the same  
13 Mr. McDaniels?

14 A. Yes, it is. Yes, yes, yes.

15 MR. CICERO: What was the cost of the  
16 75 meters or the 100 meters?

17 THE WITNESS: I'm thinking 75 was about  
18 16,000, I think -- I'm thinking.

19 BY MR. PARK:

20 Q. When the decision was made that  
21 that had to be canceled, are you aware if there was  
22 any financial penalties or was there a contractual  
23 obligation to continue purchasing?

24 A. I do not know that. The first I  
25 heard of a contract was when Jimmy just said that. I

1 did not realize that. So I do not know if there's a  
2 penalty or not. I don't know -- I don't even know  
3 for sure if it's been canceled yet or not, for that  
4 matter. I just made a suggestion at that point in  
5 time.

6 Q. You haven't seen a bill come  
7 through saying you owe --

8 A. No, I haven't seen any.

9 Q. X for --

10 A. No, I have not seen anything.  
11 And we worked with Neptune, that's who we purchase  
12 our meters, and I don't know if they would charge us  
13 or not. I can't say one way or the other. But  
14 that's where we purchase all of our stuff for meters  
15 from, so --

16 RE-CROSS-EXAMINATION

17 BY MR. CICERO:

18 Q. So does \$213 a meter sound  
19 correct?

20 A. Approximately. I'm sure it's  
21 probably close to that.

22 Q. So he was making a commitment for  
23 \$341,000?

24 A. I guess. If that's what that  
25 comes out to.

1 Q. Times 1,600, that's what it comes  
2 out to be, 341,000.

3 MR. BLANTON: I'm not sure how many he --

4 A. I mean, I would have that  
5 invoice. I don't remember how many was down through  
6 there. I mean, I could get that to you if you need  
7 that, but I do not know offhand.

8 Q. No.

9 A. Okay. I just seen those and I  
10 thought, this is very rare, because I had never seen  
11 something like that on an invoice before.

12 Q. You're lucky they put it on the  
13 invoice because usually that's a purchase order item  
14 and it would be on the purchase order, and if you had  
15 that copy and you matched it up to the invoice, then  
16 you could see that each one was going to be 100 out.  
17 I mean, I guess I would find out for certain, if I  
18 was you, whether or not it's actually canceled or  
19 not, and whether there's supposed to be a financial  
20 penalty or they just allowed the purchase order to be  
21 canceled without any type of clause in there for a  
22 penalty.

23 A. Okay.

24 Q. But I guess that comes down to --  
25 and it's not necessarily a question for you, but,

1     apparently, there's no -- do you have direction from  
2     the board that says what you're allowed or permitted  
3     to obligate the operation to before you have to go to  
4     the board?

5             A.             I don't know if there's anything  
6     in writing, but I would never purchase anything -- I  
7     mean, a big item. Little things, like supplies and  
8     stuff I have -- I know I have free rein to order, you  
9     know, paper, that type of stuff. But as to order a  
10    piece of equipment, no.

11            Q.            Could you order a computer?

12            A.            No, I would ask before I would do  
13    that.

14            Q.            But there's no policy that exists  
15    that indicates to you what your authority level is?

16            A.            I do not think so, no.

17            Q.            So if you left tomorrow, the  
18    person that comes after you, they would decide they  
19    could order a computer or maybe not?

20            A.            Probably, yes.

21            Q.            So it would probably be a good  
22    idea if you worked with the board on developing  
23    office procedures --

24            A.            Okay.

25            Q.            -- on what internally, especially

1 as far as the office staff goes, what you can do and  
2 what you can't do.

3 A. Okay.

4 Q. And I say that with regards to  
5 like purchasing and --

6 A. Right.

7 Q. -- just the process in general.

8 A. Okay.

9 Q. Do you do the bookkeeping?  
10 Because it sounds like the two people that work with  
11 you are responsible for probably the billing,  
12 collections, customer service.

13 A. Yes, I do bookkeeping.

14 Q. But it doesn't sound like they  
15 get involved in really the accounting?

16 A. No. No.

17 Q. Do you process accounts payable?

18 A. I do, yes.

19 Q. Do you do journal entries?

20 A. I do.

21 Q. Oh, good for you. Believe me,  
22 I've been through enough hearings, I hear that it  
23 exists only from an outside account, so I'm happy to  
24 hear that you're engaged in that kind of activity.

25 CHAIRMAN SCHMITT: You need to go up to \$80

1 an hour.

2 THE WITNESS: Oh. Thank you.

3 Q. That's the going rate, yes.

4 CHAIRMAN SCHMITT: You need a raise.

5 A. I know.

6 Q. So then you -- do you do like  
7 depreciation entries and --

8 A. I do some, but our auditor does  
9 most of the depreciation.

10 Q. Okay. Well, that's okay, because  
11 it depends on what the book type of --

12 A. Right.

13 Q. -- depreciation you're using. I  
14 mean there's different methods.

15 A. Okay.

16 Q. So I'm sure he's determined what  
17 the best method is.

18 A. And I think that, like, when you  
19 referred to earlier, the 20 years on the meters, I  
20 think -- I don't know if that's just -- if he set  
21 that, or if that's the general set on, like, our  
22 distribution lines. I know they all have different  
23 depreciation time, I just wasn't aware exactly how  
24 much each one of them are, so --

25 CHAIRMAN SCHMITT: The 20 years was on the

PSC Hearing  
In Re: Big Sandy Water District

Page 171

1           audit. I looked at it.  
2           A.           Yes. Okay. Yes. Okay.  
3           Q.           So do you do the annual report or  
4 does the --  
5           A.           The auditor does the annual  
6 report.  
7           Q.           Who prepares the annual report  
8 and he -- is it the same one that does the annual  
9 report that also prepares the audit for the --  
10          A.           Yes.  
11          Q.           And then he works with you in  
12 order to --  
13          A.           Yes.  
14          Q.           -- prepare the audit and --  
15          A.           Any time I have a question on a  
16 journal entry, I can usually call him and he will  
17 instruct me on how he would like that -- for me to  
18 put it in if it's something than what I'm used to,  
19 so --  
20          Q.           Does he charge on an hourly basis  
21 or --  
22          A.           No, he doesn't charge us when I  
23 call him, he just does -- he charges us for our  
24 audit.  
25          Q.           A flat fee?

1 A. Uh-huh.

2 Q. A negotiated flat fee through  
3 you?

4 A. No, the board approves it. It's  
5 usually for a three-year period. And, actually, it  
6 was -- 2018 was the one so we will need to get a new  
7 engagement with him, I guess.

8 Q. How long has he done the audits?

9 A. Oh, my. He's was doing it when I  
10 come in '98. John Lane out of Mt. Sterling, they've  
11 done it for years, so --

12 Q. So there's advantages and  
13 disadvantages. Obviously, one is familiarity with  
14 the operation, and the disadvantage is if he's doing  
15 something wrong, he'll be doing it wrong for however  
16 long you continue to utilize him.

17 A. That could be true, yes. That's  
18 true.

19 Q. Have you ever considered changing  
20 up auditors every three to five years just so that  
21 there's a fresh set of eyes on the books?

22 A. I know we -- at one point we got  
23 some quotes, but they were so much more expensive  
24 that we did not act on it or anything, so --

25 Q. Do you know how long ago that

1 was?

2 A. It's been many years now.

3 Q. Maybe just for comparison

4 purposes, if nothing else --

5 A. Right.

6 Q. -- just request a proposal --

7 A. Okay.

8 Q. -- for bid and see what they come

9 back with?

10 A. Okay.

11 Q. But he does not charge for any of

12 the consultation?

13 A. He's never charged for a call,

14 no, he has not.

15 Q. And you don't receive any type of

16 monthly bill from him?

17 A. No. We pay him -- we submit, I

18 think, 60 percent when he comes to the office and

19 looks over everything, and then when he completes it,

20 then we send the rest of the 40 percent, after it's

21 completed, when he sends me the audit and the PSC

22 report.

23 Q. Do you have any other contracts

24 with any other outside entities?

25 A. Are you talking about --

1 Q. For example, do you have an  
2 attorney besides Mr. Wuetcher?

3 A. Yes. Yes. We have Roger Hall.

4 Q. And are his fees laid out in a --

5 A. It's just set at \$500 a month.

6 Q. So he's on a retainer?

7 A. He's on a retainer, yes.

8 Q. Does he ever bill above and  
9 beyond the \$500?

10 A. We've had a few things when he  
11 has to go do like deeds or --

12 Q. Special items?

13 A. Yeah, if we have litigation, he  
14 would charge also a different fee, I mean, besides  
15 the 500.

16 Q. Does he provide some kind of an  
17 hourly schedule?

18 A. Yes, he does.

19 Q. And then you just --

20 A. Then the board approves it at the  
21 meeting and then we pay it, so --

22 Q. Well, it sounds like you have a  
23 handle on things. It's refreshing, I have to admit.  
24 We're on the tenth out of 11, and there's finally  
25 somebody that works in an office and actually does

1 accounting. It only took until almost 5:00 on a  
2 Wednesday night.

3 MR. CICERO: I don't have any other  
4 questions. Thank you.

5 CHAIRMAN SCHMITT: Are you finished?

6 MR. PARK: I'm finished.

7 CHAIRMAN SCHMITT: I just have one or two.

8 CROSS-EXAMINATION

9 BY CHAIRMAN SCHMITT:

10 Q. As you heard, I guess, earlier,  
11 we have been sending information, I guess, questions  
12 to each of the districts to find out what their  
13 supervisory employees make. Can you tell me what the  
14 gentleman who is now the field supervisor, what his  
15 hourly rate or annual salary is?

16 A. And -- Paul just, I think he just  
17 forgot honestly. We had -- after Jimmy, there was  
18 another guy, and he did -- he was 42,000, and then it  
19 come out into an hourly rate. But the new guy is  
20 24.04 an hour.

21 Q. And how many hours -- I mean,  
22 does he get overtime?

23 A. He does get overtime, yes.

24 Q. He hasn't been there long enough  
25 for you to know how that will translate into an

1 annual amount?

2 A. No, I do not. No, because

3 October is when he started.

4 Q. And I hate to embarrass you, but

5 how much do you --

6 A. It's 24.04.

7 Q. Oh, you make 24.04?

8 A. Yes.

9 Q. And so does the other person?

10 A. Uh-huh. Yes.

11 CHAIRMAN SCHMITT: All right. Thank you.

12 We want you to boost it to 80.

13 THE WITNESS: I heard that. And even one of

14 the board members was here.

15 CHAIRMAN SCHMITT: I was going to say.

16 Mr. McNeil?

17 MR. MCNEIL: Mr. Chairman, I don't have any

18 questions.

19 CHAIRMAN SCHMITT: Mr. Wuetcher.

20 MR. WUETCHER: I have no questions.

21 CHAIRMAN SCHMITT: May this witness be

22 excused?

23 MR. PARK: Yes.

24 CHAIRMAN SCHMITT: We have data requests,

25 right?

1 MR. PARK: We do.  
2 CHAIRMAN SCHMITT: So when, Mr. Park, will  
3 you be able to complete and send  
4 Mr. Wuetcher your data requests?  
5 MR. PARK: I can get them out by Friday.  
6 CHAIRMAN SCHMITT: Friday. Mr. Wuetcher,  
7 how much time -- how much time do you need?  
8 MR. WUETCHER: Based on -- except for the  
9 question related to the development of a  
10 plan for the meter testing, which I don't  
11 know how much time, I would suggest a week.  
12 If we need additional time to respond to  
13 that one, we will make a request for that.  
14 But I think --  
15 CHAIRMAN SCHMITT: I don't have a calendar.  
16 Is that the 25th, 26th?  
17 MR. CICERO: 26th. Either that or August  
18 2nd. I gave that other group August 2nd,  
19 but I think I gave them the option of  
20 July 26th.  
21 CHAIRMAN SCHMITT: Why don't we give  
22 Mr. Wuetcher August 2nd too.  
23 MR. WUETCHER: That will be fine.  
24 CHAIRMAN SCHMITT: All right. Okay. If  
25 there's nothing else, then this hearing is

PSC Hearing  
In Re: Big Sandy Water District

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

adjourned. Thank you.

(PROCEEDINGS CONCLUDED AT 4:52 P.M.)

PSC Hearing  
In Re: Big Sandy Water District

Page 179

1 STATE OF KENTUCKY )

2 COUNTY OF FAYETTE )

3

4 I, KELLY A. STEIDLE, Court Reporter and  
5 Notary Public in and for the State of Kentucky at  
6 Large, certify that the facts stated in the caption  
7 hereto are true; that at the time and place stated  
8 in said caption the witnesses named personally  
9 appeared before me, and that, after being duly  
10 sworn, were examined by counsel for the parties;  
11 that said Hearing was taken in stenotype by me and  
12 later reduced to computer-aided transcription and  
13 the foregoing is a true record of the testimony  
14 given by said witnesses.

15 My commission expires: September 28,  
16 2020.

17 IN TESTIMONY WHEREOF, I have hereunto set  
18 my hand and seal of office on this the 2nd day of  
19 August 2019.

20

21 KELLY A. STEIDLE  
22 NOTARY PUBLIC, STATE AT LARGE  
23 ID# 283744  
24  
25

\*Estill County Water District #1  
Estill County Water District #1  
76 Cedar Grove Road  
Irvine, KY 40336

\*Honorable Earl Rogers III  
Attorney at Law  
Campbell & Rogers  
154 Flemingsburg Road  
Morehead, KENTUCKY 40351

\*Cawood Water District  
Cawood Water District  
54 Plant Road  
P. O. Box 429  
Cawood, KY 40815

\*L Allyson Honaker  
Goss Samford, PLLC  
2365 Harrodsburg Road, Suite B325  
Lexington, KENTUCKY 40504

\*M. Evan Buckley  
Goss Samford, PLLC  
2365 Harrodsburg Road, Suite B325  
Lexington, KENTUCKY 40504

\*West Carroll Water District  
West Carroll Water District  
900 Clay Street  
P. O. Box 45  
Carrollton, KY 41008

\*Big Sandy Water District  
Big Sandy Water District  
18200 Kentucky Route #3  
Catlettsburg, KY 41129

\*Erica Stacy Stegman  
Campbell & Rogers  
154 Flemingsburg Road  
Morehead, KENTUCKY 40351

\*Hyden-Leslie County Water District  
Hyden-Leslie County Water District  
356 Wendover Road  
Hyden, KY 41749

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

\*Eastern Rockcastle Water Association  
Eastern Rockcastle Water Association, Inc.  
9246 Main Street  
Livingston, KY 40445

\*Justin M. McNeil  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KENTUCKY 40601-8204

\*David S Samford  
Goss Samford, PLLC  
2365 Harrodsburg Road, Suite B325  
Lexington, KENTUCKY 40504

\*Farmdale Water District  
Farmdale Water District  
100 Highwood Drive, Route 8  
Frankfort, KY 40601

\*Katelyn L. Brown  
Attorney  
STOLL KEENON OGDEN PLLC  
300 West Vine Street  
Suite 2100  
Lexington, KENTUCKY 40507-1801

\*Southern Water & Sewer District  
Southern Water & Sewer District  
245 Kentucky Route 680  
P. O. Box 610  
McDowell, KY 41647

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

\*Kent Chandler  
Assistant Attorney General  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KENTUCKY 40601-8204

\*Hon. Derrick Willis  
Attorney at Law  
Willis Law Office  
P.O. Box 1500  
Grayson, KENTUCKY 41143

\*Milburn Water District  
Milburn Water District  
7731 State Route 80 East  
Arlington, KY 42021

\*Larry Cook  
Assistant Attorney General  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KENTUCKY 40601-8204

\*Mark David Goss  
Goss Samford, PLLC  
2365 Harrodsburg Road, Suite B325  
Lexington, KENTUCKY 40504

\*Steven P. Bailey  
Attorney  
Bailey Law Office, P.S.C.  
181 East Court Street  
Prestonsburg, KENTUCKY 41653

\*Morgan County Water District  
Morgan County Water District  
1009 Hwy 172  
West Liberty, KY 41472

\*North Manchester Water Association,  
North Manchester Water Association, Inc.  
7362 N Highway 421  
Manchester, KY 40962

\*Rebecca W Goodman  
Assistant Attorney General  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KENTUCKY 40601-8204

\*Rattlesnake Ridge Water District  
Rattlesnake Ridge Water District  
3563 State Highway 1661  
P. O. Box 475  
Grayson, KY 41143-0475

\*W.C. Gilbert  
Rattlesnake Ridge Water District  
P. O. Box 475  
Grayson, KY 41143

\*Raleigh P. Shepherd  
Attorney at Law  
305 Main Street  
Manchester, KENTUCKY 40962