

RECEIVED

OCT 18 2019

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KNOTT COUNTY WATER AND)
SEWER DISTRICT FOR AN ALTERNATIVE RATE) CASE NO. 2019-00268
ADJUSTMENT)

KNOTT COUNTY WATER AND SEWER DISTRICT'S RESPONSE TO THE
ATTORNEY GENERAL OF KENTUCKY'S SECOND REQUEST FOR INFORMATION
ISSUED OCTOBER 4, 2019

Filed: October 18, 2019

In the Matter of:

APPLICATION OF KNOTT COUNTY)
WATER AND SEWER DISTRICT FOR) CASE NO. 2019-00268
AN ALTERNATIVE RATE ADJUSTMENT)

VERIFICATION OF JARED SALMONS

COMMONWEALTH OF KENTUCKY)
COUNTY OF Knott)

Jared Salmons
Jared Salmons

Commission expiration: 5/02/20

Commission expiration: 5/02/20

In the Matter of:

APPLICATION OF KNOTT COUNTY)
WATER AND SEWER DISTRICT FOR) CASE NO. 2019-00268
AN ALTERNATIVE RATE ADJUSTMENT)

VERIFICATION OF ALAN VILINES

COMMONWEALTH OF KENTUCKY)
COUNTY OF Warren)

Alan Vilines, Kentucky Rural Water Association on behalf of Knott County Water and Sewer District, states that he has supervised the preparation of certain of the following responses to data requests in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

of them

Alan Vilines

The foregoing Verification was signed, acknowledged and sworn to before me this 14th day of October, 2019, by Alan Vilines.

Bobbie S. Shanahan #603266
Commission expiration: 7/12/2022

**Knott County Water and Sewer District
Case No. 2019-00268
Attorney General of Kentucky's Second Request for Information
issued October 4, 2019**

1. Refer to KCWSD's responses to the Attorney General's Initial Data Requests, Item 1, subpart a, where the District stated "since the last rate change was in 2011, it is also true that rates will have changed by approximately 80% over a ten year period." Then, refer to KCWSD's responses to the Attorney General's Initial Data Requests, Item 2, subparts a and b, indicating that the District's last rate filing was in 2002 and that the "rates established in Case No. 2002-00292 are the same as KCWSD's current rates."

a. Reconcile these two responses.

b. Explain what changes to rates were made in 2011 and provide the Commission case docket, if any, in which those changes were made.

Response:

a. The rates established in Case No. 2002-00292 were the original rates set for KCWSD. The proposed rates, once fully implemented would be increased according to the chart provided in response to the AG's First Request for Information, Item 1a. The previous response incorrectly stated that it had been 10 years since that rate was established in 2002.

b. Based on the tariff currently on file with the Commission, it appears there has been no change to the rates established in 2002 except that rates for 3", 4" and 6" service were added.

**Knott County Water and Sewer District
Case No. 2019-00268
Attorney General of Kentucky's Second Request for Information
issued October 4, 2019**

2. Refer to KCWSD's responses to the Attorney General's Initial Data Requests, Item 5.
 - a. Further explain the circumstances around KCWSD discovering the finished water meter which that was found to have been producing erroneous readings in 2017.
 - b. Explain how often the finished water meter had been tested in the past.
 - c. Explain whether KCWSD's testing schedule complied with 807 KAR 5:006, Section 26, Inspection of Systems.
 - d. Explain KCWSD's current testing schedule for its system and whether it complies with 807 KAR 5:006, Section 26, Inspection of Systems.
 - e. Explain any changes or improvements made to KCWSD's testing schedule in light of these events.

Response:

- a. This error was discovered during KCWSD's 2017 annual meter testing and the adjustment was made to the meter at that time. Based on the 2018 and 2019 annual meter testing, no adjustments to the meter have been required.
- b. The finished water meter is tested annually.
- c. Yes, KCWSD's testing schedule complied with 807 KAR 5:006, Section 26.
- d. Yes, KCWSD's is in compliance with 807 KAR 5:006, Section 26, Inspection of Systems. KCWSD has an annual testing schedule.
- e. Based upon the 2018 and 2019 tests, KCWSD has not made any changes, nor believe any are needed.

**Knott County Water and Sewer District
Case No. 2019-00268
Attorney General of Kentucky's Second Request for Information
issued October 4, 2019**

3. Refer to KCWSD's responses to the Attorney General's Initial Data Requests, Item 6.

a. Provide the percentage of any merit-based wage or salary increases awarded to employees over the past three (3) years.

b. Explain the process of how the District evaluates whether to award such increases and how much to award.

Response:

a. KCWSD does not offer any merit-based wage or salary increases. The only wage or salary increases that are given are as a result of receiving the certifications that are relevant to that employee's job duties, or by receiving a promotion.

b. Historically, employees have received a \$1/hour increase when acquiring the needed certifications.

**Knott County Water and Sewer District
Case No. 2019-00268
Attorney General of Kentucky's Second Request for Information
issued October 4, 2019**

4. Refer to KCWSD's responses to LCWSD/Hindman's Initial Data Requests, Item 10, *inter alia* pages 8-9, and 17-19 of 69.

a. Estimate the percentage of Knott County that is currently served by KCWSD water service.

b. Explain the prevalence of county residents who express their desire to receive water service from KCWSD who do not already receive service.

c. Explain the extent, if any, of KCWSD's intent to expand distribution lines for water service in its service territory and describe any such projects underway or being planned/discussed.

d. Explain the "other efforts" referred to that KCWSD made in the last year to reduce water loss.

e. Explain when KCWSD expects its asset management software to be fully updated, and subsequently when it will begin and complete the development of a master infrastructure replacement plan.

Response:

a. A rough estimate would be that approximately 85% of Knott County has access to potable water and out of that 85% KCWSD would serve approximately 70%.

b. There has been some interest by residents to extend water to unserved areas.

c. KCWSD's board has been developing a list of these unserved areas and along with the Knott County Fiscal Court have been pursuing funds to extend service to these areas.

Currently, the Runnels Branch Waterline Project is nearing completion which will provide 58 homes with access to potable water. The Knott County Fiscal Court is seeking ARC grant funds to extend water lines into additional unserved areas.

d. In reviewing its responses to LCWSD/Hindman's Initial Data Requests, Item 10, *inter alia* pages 8-9, and 17-19 of 69, KCWSD does not see any reference to “other efforts” on these pages. Nevertheless, KCWSD has been actively looking for meter inaccuracies, comparing data from tank drawdowns provided by telemetry, and visually inspecting water lines during dry periods. These are just a few of the best ways to identify areas of water loss.

e. The process of fully updating the asset management system could take years to complete. The more data that KCWSD adds to the system and the more KCWSD implements the features, KCWSD will be able to get a better picture of its entire system and its system needs. KCWSD has already been able to target some areas that are in need of the most immediate repairs. KCWSD expects that in the next year, it will be able to make great progress on the development of its master infrastructure replacement plan.

**Knott County Water and Sewer District
Case No. 2019-00268
Attorney General of Kentucky's Second Request for Information
issued October 4, 2019**

5. Explain whether KCWSD has any AMI or AMR meters.

a. If so, explain what effect these meters have had on water loss.

b. If so, explain what effect these meters have had on operations and

maintenance expense.

c. If not, explain whether the District has discussed or plans to invest in new meters in the future.

Response: KCWSD currently has all AMR meters in place.

a. The AMR meters KCWSD currently has in place are not able to data log history of meter usage. In the past couple of months, KCWSD's current radios have been discontinued from production. KCWSD has been required to purchase new radios moving forward that are more advanced meters. With approximately 3,000 meters in KCWSD's system, it will take some time to see the results from this change.

b. KCWSD has not converted to an AMI system yet due to the cost of a fixed base system. However, due to the discontinuation of KCWSD's current AMR meters, KCWSD had to purchase additional vehicle units to read the meters. The new AMR meters are more expensive but will provide better data to the field personnel to assist in water loss prevention.

c. KCWSD has not converted to an AMI system due to the cost of a fixed base system in KCWSD's mountainous terrain. KCWSD has been working with its meter supplier to gather information to aid the supplier in quoting the most cost effective fixed base system that would still provide KCWSD with the necessary information. A fixed base system would allow KCWSD to

collect real time data from its customers' meters and would be a great help in preventing water loss.

KCWSD plans on looking at the possibility of installing an AMI system in the future.