

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PARKSVILLE WATER DISTRICT,)	
COZATT TUCKER, A. B. FEATHERS)	
AND DAVIS EDWARDS)	
_____)	CASE NO.
)	89-351
ALLEGED FAILURE TO COMPLY WITH)	
COMMISSION ORDER)	

O R D E R

On February 17, 1988, the Commission ordered Parksville Water District ("Parksville") to conduct a comprehensive engineering study of its water distribution system and to submit a report of that study to the Commission no later than September 1, 1988.¹ The Commission's action was in response to Parksville's application for permission to deviate from Commission Regulation 807 KAR 5:066, Section 5(4). The engineering study was intended, in part, to determine the appropriate water storage requirements for Parksville.

Parksville has yet to perform the required engineering study. Twice it has sought and been granted additional time to conduct the engineering study. As recently as April 5, 1989, the Commission extended the date for submitting a report on the

¹ Case No. 10030, Parksville Water District's Request for Approval to Provide Less Storage than the Minimum Required for One Day's Supply, Order dated February 17, 1987.

engineering study until October 3, 1989. On October 2, 1989, Parksville again requested additional time to perform the required engineering study. This request was denied.

After reviewing its correspondence with Parksville on this matter, a copy of which is attached hereto and marked as Exhibits A through L, and being otherwise sufficiently advised, the Commission finds that sufficient evidence exists to constitute a prima facie showing that Parksville failed to comply with an Order of the Commission and that the members of its Board of Commissioners, Cozatt Tucker, A. B. Feathers, and Davis Edwards, aided and abetted this failure.

IT IS THEREFORE ORDERED that:

1. Within 20 days of the date of this Order, Parksville shall submit to the Commission a written response to the allegation that it failed to comply with the Commission's Order of February 17, 1988 in Case No. 10030.

2. Within 20 days of the date of this Order, Cozatt Tucker, A. B. Feathers and Davis Edwards shall each submit to the Commission a written response to the allegation that each aided and abetted Parksville in its alleged failure to comply with the Commission's Order of February 17, 1988 in Case No. 10030.

3. Parksville shall appear on January 10, 1990, at 1:00 p.m., Eastern Standard Time, in Hearing Room No. 2 of the Commission's offices at 677 Commanche Trail, Frankfort, Kentucky, for the purposes of presenting evidence concerning its alleged failure to comply with the Commission's Order of February 17, 1988 in Case No. 10030 and of showing cause, if any it can, why it

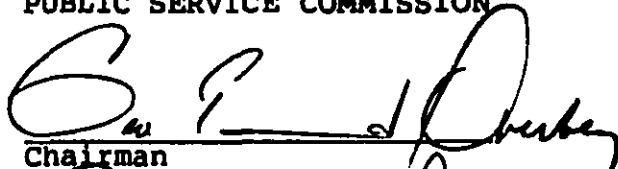
should not be subject to the penalties of KRS 278.990 for its alleged failure to comply with an Order of the Commission.

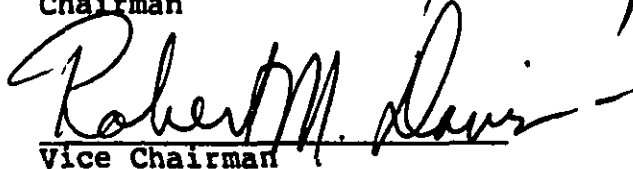
4. Cozatt Tucker, A. B. Feathers, and Edward Davis, in their individual capacity, shall also appear before the Commission at that same time and place to answer allegations that each aided and abetted Parksville in its alleged failure to comply with the Commission's Order of February 17, 1988 in Case No. 10030 and of showing cause, if any they can, why each should not be subject to the penalties of KRS 278.990 for such actions.

5. Exhibits A through L, attached hereto, are hereby made a part of the record of this case.

Done at Frankfort, Kentucky, this 1st day of December, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:

Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

September 22, 1988

Mr. A. B. Feather
Treasurer
Parksville Water District
Highway 300
Parksville, Kentucky 40464

Re: Case No. 10030

Dear Mr. Feather:

The Commission entered its final Order in this case on February 17, 1988, granting a limited deviation from 807 KAR 5:066, Section 5(4) until July 1, 1991. The Commission further ordered Parksville Water District to retain a professional engineer and conduct a comprehensive engineering analysis of its water distribution system. A copy of the report on this investigation was to be filed with this Commission by September 1, 1988. To date we have not received the report. This report must be filed to fully comply with the Commission's Order. I request you file it within ten days from the date of this letter.

If I can be of any other help, don't hesitate to contact me at (502) 564-2473.

Sincerely,

Forest M. Skaggs
Forest M. Skaggs
Executive Director

hv

PARKSVILLE WATER DISTRICT

P.O. BOX 9

PARKSVILLE, KY. 404

(606)236-2746

Exhibit B

September 27, 1988

FILED

SEP 28 1988

**PUBLIC SERVICE
COMMISSION**

Mr. Forest M. Skaggs
Executive Director
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY. 40602

Re: Case No. 10030

Dear Mr. Skaggs,

Parksville Water District received the order for case no. 10030 on February 18, 1988. On March 15, 1988, Parksville secured the services of Kennoy Engineers, Inc., of Lexington, Ky., to do the work required by your order.

Upon receipt of your letter inquiring about the report to be filed on September 1, 1988, we contacted our engineers to inquire if they were aware that such a report should have been filed. They were not aware of any such report. We asked Kennoy to check his copy of the order. Kennoy maintains that they do not have a copy of the order, even though we are sure one was given to them.

The District, however, is not able at this time to locate the order that was sent by the commission. Apparently, it has been misplaced by either the District, or our engineers.

We request that another copy of the order be sent to us at the above address, so this matter may be resolved as soon as possible.

Sincerely,



A.B. Feather
Treasurer



Exhibit C

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

September 28, 1988

Mr. A. B. Feather
Treasurer
Parksville Water District
P. O. Box 9
Parksville, Kentucky 40464

Dear Mr. Feather:

This is in response to your September 27 letter regarding the Final Order in Case No. 10030. Enclosed as your requested are attested copies of that Order. You should forward one copy to your consulting engineers and secure a firm date to respond to the Commission's Order. I request you furnish me this new date by Wednesday, October 12, 1988.

Sincerely,

Forest M. Skaggs
Forest M. Skaggs
Executive Director

FMS:lb

PARKSVILLE WATER DISTRICT
P.O. BOX 9 -
PARKSVILLE, KY. 40361
(606)236-2746

Exhibit D

FILED

OCT 13 1988

PUBLIC SERVICE
COMMISSION

October 12, 1988

Mr. Forest M. Skaggs,
Executive Director
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, Ky. 40602


RE : Case no. 10030

Dear Mr. Skaggs,

This is in response to your letter of September 28 regarding case no. 10030. The District has employed Kennoy Engineers, Inc., 851 Coporate Drive, Lexington, Ky., as our engineer.

They have advised us that a scope of work on the hydraulic analysis has begun and will be presented to the commission in 10 days for their review and approval. Upon approval of the scope of work, the analysis will be completed within 60 days.

Sincerely,



Bruce Feather
Manager

Exhibit E

PARKSVILLE WATER DISTRICT
P.O. BOX 9
PARKSVILLE, KENTUCKY 40464
(606) 236-2746

FILED

NOV 10 1988
PUBLIC SERVICE
COMMISSION

Mr. Forest M. Skaggs
Executive Director
Public Service Commission
730 Schenkel Lane
PO Box 615
Frankfort, Kentucky 40602

Re: Case No. 10030

Dear Mr. Skaggs:

Please find enclosed a proposed Scope of Work, prepared by Kenroy Engineers, Inc., addressing the P.S.C. order, Case No. 10030. Upon the Commission's concurrence with this proposed scope, we shall begin with the Water Loss Program.

Sincerely,


Jerry Feather

Enclosure

PARKSVILLE WATER DISTRICT
WATER LOSS PROGRAM AND HYDRAULIC ANALYSIS
SCOPE OF WORK

FILED

NOV 10 1988

PUBLIC SERVICE
COMMISSION

October 25, 1988

WATER LOSS PROGRAM

Due to the excessive water loss indicated by the current water use records, the following program should be implemented prior to any Hydraulic Analysis to obtain more accurate results.

1. Test Accuracy of Master Meter.
2. Random Testing of Individual Customer Meters.
3. Install Bypass Meters on Major Branch Lines to Monitor Low Flows During Non Use Periods.
4. Pressure Test Lines Identified in Step 3 as Showing Significant Flow During Non Use Periods.
5. Repair Major Leaks Identified in Step 4.
6. Re-assess revised water use records and respond to P.S.C. requirement of one day storage within 60 days after completion of Water Loss Program.
7. Develop financial plan for funding Water Storage project if required.

The District should consider conducting items 1 through 5 with their own work force or local contractors to conserve funds.

HYDRAULIC ANALYSIS

1. Data Collection.
 - a. Review Water use Records to Determine Usage Per Customer and Large Users of Water.
 - b. Review Existing Record Drawings for Location of Existing Line, Size of Line and Material and Identify New Line Install Not Shown on Any Existing Drawings.
 - c. Discuss with District Location of any Specialty Items such as Pump Station, Pressure Reducing Stations, Water Storage Tanks, etc.
 - d. Collect Curve Information on Pump Stations.
 - e. Discuss with District Operation of System and Identify Possible problem Areas.

Hydraulic Analysis Continued

- f. Locate Concentrations of Customers.
 - g. Make Determination for Need of Additional Pressure Recordings.
2. Develop Hydraulic Schematic.
 - a. Plot All Field Information and develop Schematic.
 - b. Determine Elevation of Junction Nodes.
 3. Data Coding for Computer Runs.
 4. Conduct Steady State Computer Analysis of Existing System.
 - a. Run Analysis Using Average and Peak Flows.
 - b. Compare Results From Computer With Actual Field Pressure Recording.
 - c. Calibrate System to Field Information.
 5. Conduct an Extended Period Simulation of System.
 - a. Data Coding.
 - b. Analysis Results.
 6. Produce a Report Summarizing the Results of the Analysis and Make Any Necessary Recommendation.
 7. Respond to P.S.C. concerning possible problems within the existing system .



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

December 6, 1988

Mr. Cozatt Tucker
Chairman
Parksville Water District
Route 4
Danville, KY 40422

Re: Case No. 10030
Deviation from 807 KAR 5:066(5)(4)

Dear Mr. Tucker:

The Public Service Commission has received your recent submittal of engineering information. The Order in Case No. 10030 directed Parksville to file an engineering report by September 1, 1988. Your submittal appears to be a proposal by Kenroy Engineers, Inc., to perform the study and report required in that case. The report ordered by the Commission has not been submitted and is overdue. If Parksville needs additional time to prepare the report it should make a formal request for an extension of time to the Public Service Commission.

You should be aware that Chapter 322.340 of the Kentucky Revised Statutes requires that reports by a registered professional engineer shall be signed and dated by the engineer and stamped with his seal when filed with public authorities. Please see that your engineer conforms with this requirement when the report is submitted. If you have any questions, please feel free to contact Ghasem Pour-Ghasemi at (502) 564-2131.

Sincerely,

Forest M. Skaggs
Forest M. Skaggs
Executive Director

PARKSVILLE WATER DISTRICT
P.O. BOX 9
PARKSVILLE, KY. 40464
(606) 236-2746

FILED

JAN 13 1989

PUBLIC SERVICE
COMMISSION

January 9, 1989

Mr. Forest M. Skaggs
Executive Director
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, Ky. 40602

Re: Case no. 10030
Deviation from 807 KAR 5:066
(5) (4)

Dear Mr. Skaggs:

Parksville Water District wishes to make a formal request for an extension of time for the engineering report due in the above mentioned case. The District regrets this delay. However, we feel it is necessary to allow the District to solve its water loss problem.


The Commission is aware that the District has had a nagging water loss problem. The District is making an extended effort to isolate and correct the leaks found in the system.

The District has pressure tested some of the lines in its system. We are in the process of installing jumper meters on our lines at this time.

The District can report that progress has been made in reducing the water loss. We have found several small leaks and repaired them. The average water purchase for December 1988 was 243,000 gallons per day. During the first six days of January 1989, we have been able to reduce this to 220,000 gallons per day. On the sixth day of January 1989, we repaired another leak and since that day our purchase has gone down to an average of 205,000 gallons per day.

Progress is being made in the area of water loss, but the District respectfully requests an extension of 90 days to allow us to complete our water loss program and to allow our engineers enough time to complete the hydraulic analysis and to prepare the report to be sent to the commission.

Sincerely,



A.B. Feather
Treasurer



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

January 13, 1989

Mr. A. B. Feather
Parksville Water District
P. O. Box 9
Parksville, KY 40464

Re: Case No. 10030
Parksville W. D.

Dear Mr. Feather:

This is in reply to your request, filed January 13, 1989 for an extension of time to file the engineering report.

Please be advised that the due date for the requested information is extended to the close of business March 15, 1989.

Very truly yours,

PUBLIC SERVICE COMMISSION

Forest M. Skaggs

Forest M. Skaggs
Executive Director

FMS/cbg



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
710 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-1940

March 24, 1989

Mr. Cozatt Tucker, Chairman
Parksville Water District
P. O. Box 38
Parksville, Kentucky 40464

Re: Case No. 10030

Dear Mr. Tucker:

This is to advise that the staff is preparing to recommend to the Commission that it open an investigation on the management of Parksville Water District for failure to timely comply with the final Order in this case. Specifically, the Commission ordered the district to retain a professional engineer and conduct a comprehensive engineering analysis of its water distribution system and to file a copy of the report on this investigation with this Commission by September 1, 1988. The report was not filed. You have been granted two extensions of time; the last extension expired March 15, 1988. The investigation could lead to show-cause action and subsequent penalties applied to the company or yourself or other enforcement action in Franklin Circuit Court.

Your apparent disregard of Commission Orders is not only a violation of state law but represents potential management deficiency. It is apparent to us that these informal attempts to obtain compliance with the Commission Order have been unsuccessful and that formal action should be taken.

I urge you to review your prior actions and come into compliance with the Commission's Order. Proper compliance prior to April 3, 1989, will negate any further enforcement action. If you care to discuss this, please call me at 502/564-2473 or Susan M. Mastin, our General Counsel, at 502/564-7247.

Very truly yours,

Forest M. Skaggs

Forest M. Skaggs
Executive Director

PARKSVILLE WATER DISTRICT
P.O. BOX 9 -
PARKSVILLE, KY. 4
(606) 236-2746

Exhibit J

FILED

March 29, 1989

MAR 31 1989

**PUBLIC SERVICE
COMMISSION**

Forest M. Skaggs,
Executive Director
Public Service Commission
730 Schenkel Lane
Frankfort, KY. 40602

Re: Case No. 10030

Dear Mr. Skaggs,

This is to advise the Commission that Parksville Water District has not disregarded the Commission's order. Parksville apologizes for the delay in getting the information to the Commission. However, because of problems in completing the water loss program, the hydraulic analysis has been delayed.

Parksville has attempted to follow the recommendations of our engineers concerning water loss. Parksville has completed steps one through five on the recommended water loss program (copy attached). Several small leaks were found and repaired. Parksville has also used by-pass meters, has pressure tested lines, and used listening devices to locate leaks. There is indication that most of Parksville's problem may be with the master meter. A preliminary test showed the meter to be registering fast. Parksville is waiting for additional testing and certification of the test before step six of the water loss program can be completed.

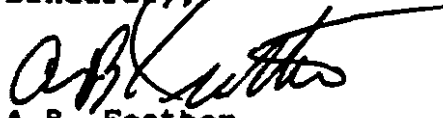
The Commission should be aware that any hydraulic analysis based upon incorrect information would be very misleading. It is therefore essential that the water loss portion be completed and analyzed before the hydraulic analysis can be completed.

Parksville regrets the delay in submitting this information to the Commission. However, because of several circumstances, it has taken much longer than we anticipated to complete the water loss program. Delays in getting meters tested, and delays in being able to get some of the necessary equipment used for the bypass meters plus a deluge of over nine inches of rain making outside work almost impossible all contributed to the delay.

Parkville is complying with the recommendations of our engineers. Kenroy E. ineara recommended that the water loss program be addressed before the hydraulic analysis could be completed. Parkville is attempting to follow their recommendations.

Parkville respectfully requests a six month extension to allow us to complete the water loss program and to allow sufficient time for the engineers to complete the hydraulic analysis.

Sincerely,

A handwritten signature in black ink, appearing to read 'A.B. Feather', with a long horizontal flourish extending to the right.

A.B. Feather
Treasurer

KENNOY ENGINEERS

851 Corporate Drive
Lexington, Kentucky 40503
606-223-1000

October 26, 1988

Mr. Jerry Feather
Parksville Water District
PO Box 9
Parksville, Kentucky 40464

Re: Public Service Commission
Case No. 10030
KEI #900

Dear Mr. Feather:

Enclosed is a Scope of Work for a Water Loss Program and a Hydraulic Analysis for the District's present water system.

We have evaluated your present water use records for the last two (2) years. These records indicate from the water sold by the District, and assuming a reasonable water loss of 15%, the District would have very close to the one day storage requested by PSC (164,000 gpd usage vs. 150,000 gallon storage).

It is also noted from your water use records the District does not have a reasonable water loss. Approximately 33% of the water purchased by the District is unaccounted for. For this reason, we recommend the District implement the prescribed water loss program to try and isolate the source of this lost revenue. If it can be shown that a reasonable water loss exists in the system, it may be possible to obtain a waiver of the one day storage requirement from PSC.

Since no apparent large leaks have been identified in your system, we would advise you start your program by random testing of your customer meters and testing of the master meter. If the problem can be identified with these older meters, it may not be necessary to proceed with the remaining and more costly portion of the program.

It is highly recommended that before any hydraulic analysis be performed on your system, the water loss issue be addressed. Without being able to identify actual usage within your system, the results of an analysis may be misleading.

Also enclosed is a transmittal letter you may use to submit the scope of work to the Public Service Commission.

If we can be of further assistance, please call.

Sincerely,


William H. Kennoy, P.E.

WHK/dep

Enclosure

PARKSVILLE WATER DISTRICT
WATER LOSS PROGRAM AND HYDRAULIC ANALYSIS
SCOPE OF WORK

October 25, 1988

WATER LOSS PROGRAM

Due to the excessive water loss indicated by the current water use records, the following program should be implemented prior to any Hydraulic Analysis to obtain more accurate results.

1. Test Accuracy of Master Meter.
2. Random Testing of Individual Customer Meters.
3. Install Bypass Meters on Major Branch Lines to Monitor Low Flows During Non Use Periods.
4. Pressure Test Lines Identified in Step 3 as Showing Significant Flow During Non Use Periods.
5. Repair Major Leaks Identified in Step 4.
6. Re-assess revised water use records and respond to P.S.C. requirement of one day storage within 60 days after completion of Water Loss Program.
7. Develop financial plan for funding Water Storage project if required.

The District should consider conducting items 1 through 5 with their own work force or local contractors to conserve funds.

HYDRAULIC ANALYSIS

1. Data Collection.
 - a. Review Water use Records to Determine Usage Per Customer and Large Users of Water.
 - b. Review Existing Record Drawings for Location of Existing Line, Size of Line and Material and Identify New Line Install Not Shown on Any Existing Drawings.
 - c. Discuss with District Location of any Specialty Items such as Pump Station, Pressure Reducing Stations, Water Storage Tanks, etc.
 - d. Collect Curve Information on Pump Stations.
 - e. Discuss with District Operation of System and Identify Possible problem Areas.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
710 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

April 5, 1989

Mr. Bruce Feather, Treasurer
Parksville Water District
P. O. Box 9
Parksville, Kentucky 40464

Dear Mr. Feather:

This is in response to your March 29 letter regarding the engineering report required by Order in Case No. 10030. You have requested an additional six-month extension for your consulting engineer to complete his study and prepare the report. Staff agrees with the extension and will expect the report to be filed no later than October 3, 1989.

If you have any questions, please feel free to contact me at 502/564-2473.

Very truly yours,

A handwritten signature in cursive script that reads "Forest M. Skaggs".

Forest M. Skaggs
Executive Director

hv

PARKSVILLE WATER DISTRICT
P.O. BOX 3
PARKSVILLE, KY. 40362
(606) 236-2746

Exhibit L

FILED

OCT 4 1989

PUBLIC SERVICE
COMMISSION

October 2, 1989

Mr. Forest M. Skaggs
Executive Director
Public Service Commission
730 Schenkel Lane
Frankfort, Ky. 40602

Re: Case no. 10030

Dear Mr. Skaggs,

Parksville Water District regrets that we will not be able to meet the filing deadline for our hydraulic analysis. In previous correspondence, we have related to the Commission our problem in finding the water loss. The loss problem must be resolved before an accurate and useful hydraulic analysis can be completed.

The District has made significant progress in reducing its loss. However, we are still not certain as to our actual loss because of circumstances and factors beyond our control. A major portion of our loss was due to a master meter problem, which was discovered in April of 1989.

In April of 1989 our master meter was found to be registering approximately 29 percent fast. Upon further investigation, the meter was found to be defective and was repaired. However, further tests still indicated the meter to be registering approximately 15 percent fast. After several weeks of attempted repairs the meter continued to test 15 percent fast. It was determined, approximately one month later, that the problem was improper design and installation of the meter, and approaching lines, causing a jetting action when the District was pumping. This meant that the meter and the piping in the valve pit would have to be replaced.

Since the meter and the piping had been installed by the City of Denville, it was their responsibility to replace them. The District expressed its concern about making these changes as soon as possible to allow us to meet our reporting date with the Commission.

The changes would require re-piping the meter pit, and installing a new 6 inch meter. As the Commission is aware, these items are not always in stock. Some slight delays were encountered in getting these materials, and it was not until July 6, 1989 that all repairs and installation were completed.

The delay meant that the District could not use any figures before July 6, 1989, to figure its actual water loss, because all figures before that date would have to be estimates based upon the master meter error. The delay would limit the District to two months figures, August and September, for its water loss. The District was concerned because there was high leakage in August, therefore, making those figures somewhat questionable. This would mean that the District would have only one month of reliable data available to use for hydraulic analysis.

The District expressed its concern to our engineers, Kenroy Engineers, Inc., in a letter, dated September 21, 1989. Kenroy Engineers have advised us that more time is needed to rectify the water loss and complete the hydraulic analysis.

Therefore, upon advice of our engineers, the District respectfully requests additional time to complete the hydraulic analysis and determine our actual water loss. The District wishes to assure the Commission that no one is more anxious to expedite this matter than the District. However, we must be assured that we are using reliable data, which we do not have at this time.

If you have questions, or further information is needed, you may contact me at 606-236-2746.

Sincerely,



A.B. Feather
Treasurer and Manager