

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**APPLICATION OF CANNONSBURG )  
WATER DISTRICT FOR RATE ) CASE NO. 2018-00376  
ADJUSTMENT FOR SMALL UTILITIES )  
PURSUANT TO 807 KAR 5:076 )**

**AND**

**In the Matter of:**

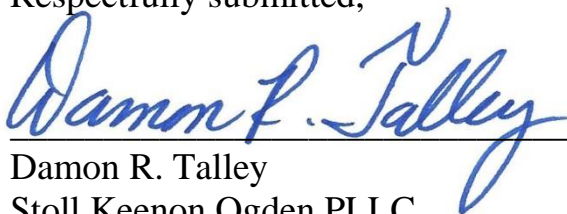
**ELECTRONIC CANNONSBURG WATER )  
DISTRICT’S UNACCOUNTED-FOR ) CASE NO. 2014-00267  
WATER LOSS REDUCTION PLAN, )  
SURCHARGE AND MONITORING )**

**NOTICE OF FILING**

Pursuant to the Kentucky Public Service Commission’s (“Commission”) Order of April 15, 2019, Cannonsburg Water District (“Cannonsburg District”) files its List of Witnesses and Exhibits and a copy of its expected exhibits. The order of listed witnesses and exhibits does not necessarily represent the order in which Cannonsburg District’s witnesses will be called or its exhibits will be presented. Cannonsburg District may not call all listed witnesses or use all listed exhibits.

Dated: April 18, 2019

Respectfully submitted,



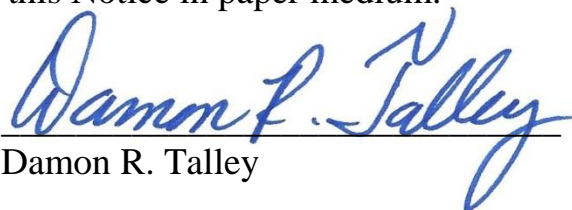
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*Counsel for Cannonsburg Water District*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that in Case No. 2014-00267, in accordance with 807 KAR 5:001, Section 8, Cannonsburg Water District's April 18, 2019 electronic filing of this Notice is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on April 18, 2019; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original and one copy in paper medium of this Notice will be delivered to the Commission within two business days. In Case No. 2018-00376, in accordance with 807 KAR 5:001, Section 7(1), Cannonsburg Water District is filing an original and ten copies of this Notice in paper medium.



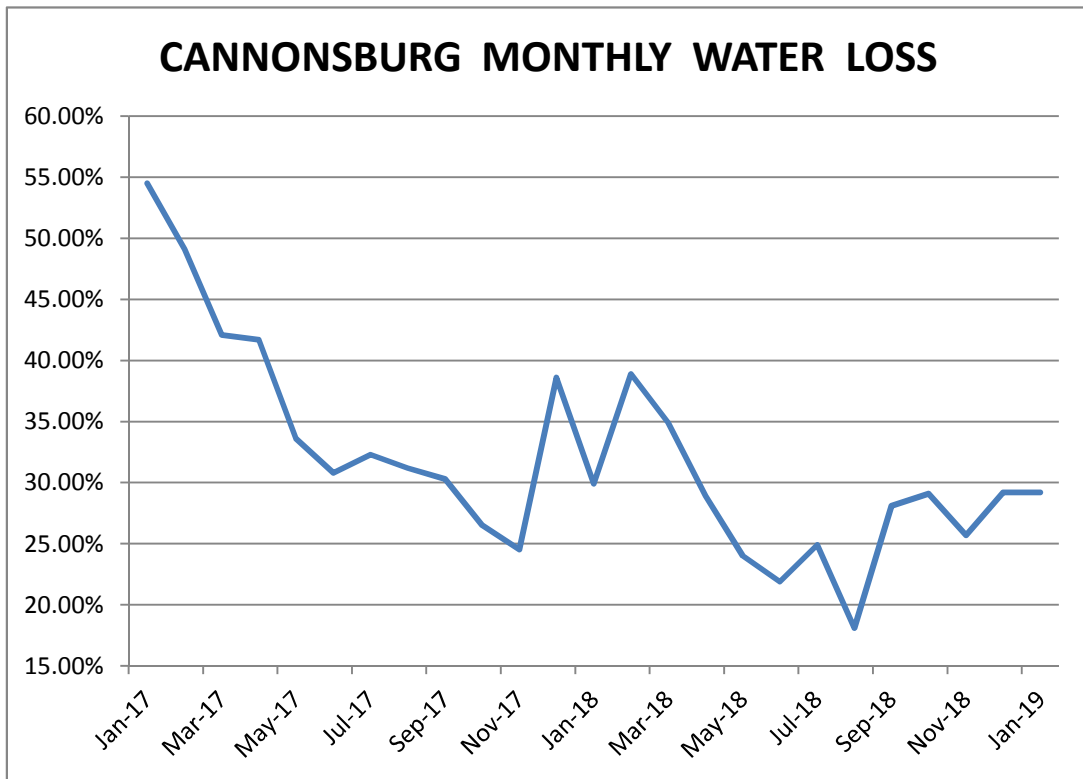
Damon R. Talley

## **LIST OF WITNESSES**

1. Tim Webb  
General Manager, Cannonsburg Water District
2. Robert McGuire  
Chairman, Cannonsburg Water District
3. Alan Bowman, P.E. (or other representative of Bell Engineering)  
Project Engineer, Bell Engineering

## LIST OF EXHIBITS

1. Cannonsburg Monthly Water Loss Graph
2. Resolution No. 2019-04-01 adopted on April 17, 2019 (This Resolution requests that the PSC authorize a new monthly surcharge in the amount of **\$4.00** per active meter to help fund Cannonsburg District's unaccounted-for water loss reduction efforts.)
3. Opinion of Probable Cost for the Phase I and Phase II Projects
4. System Map (This map is not yet completed. It will depict the location of the 10 existing zone meters and the proposed locations of the 36 additional zone meters which are being proposed. It will be completed prior to the Hearing and will be filed with the PSC as soon as it is completed.)
5. Several demonstrable objects will be shown at the Hearing, but will not be offered into evidence. These include the following: (a) old tapping saddles that have been removed from Cannonsburg District's system because of corroded bolts that caused leaks; (b) new tapping saddles with stainless steel bolts to prevent corrosion; (c) old, split and brittle service connection lines that have been removed from Cannonsburg District's system; and (d) new MUNICIPEX water service line.



2017 Annual Average: 36.27%

2018 Annual Average: 27.80%

**Source:** Monthly Water Loss Reports filed by Cannonsburg in PSC Case No. 2014-00267

**RESOLUTION NO. 2019-04-01**

**RESOLUTION OF CANNONSBURG WATER DISTRICT  
APPROVING THE REQUEST FOR AUTHORITY TO  
IMPLEMENT A NEW MONTHLY SURCHARGE TO FUND  
ITS UNACCOUNTED-FOR WATER LOSS REDUCTION  
EFFORTS.**

**WHEREAS**, Cannonsburg Water District (“Cannonsburg”) is a water district organized pursuant to KRS Chapter 74;

**WHEREAS**, Cannonsburg owns and operates facilities that distribute water to customers in Boyd and Greenup counties;

**WHEREAS**, Cannonsburg has a history of high unaccounted-for water loss;

**WHEREAS**, on August 8, 2011, Cannonsburg applied for an adjustment of its rates for water service, and on June 4, 2012, the Kentucky Public Service Commission (“PSC”) authorized the assessment of a monthly surcharge of \$5.53 on all customers for a period of 36 months to fund Cannonsburg’s non-revenue water reduction efforts;

**WHEREAS**, the monthly surcharge has since ended, but Cannonsburg realizes there is more progress to be made in reducing its water loss;

**WHEREAS**, the separate account holding the remaining surcharge funds has a current balance of approximately \$521,000;

**WHEREAS**, Cannonsburg has engaged the services of Bell Engineering (“Bell”) to assist in its ongoing water loss reduction efforts. Bell and Cannonsburg have identified several projects that need to be undertaken to reduce Cannonsburg’s water loss. Bell proposes that these projects be undertaken in multiple phases;

**WHEREAS**, Bell has estimated the cost to perform Phase I of the water loss reduction projects will far exceed the funds currently available in the surcharge account;

**WHEREAS**, it is necessary for Cannonsburg to raise more revenue to finance its efforts to reduce its water loss; and

**WHEREAS**, implementing a new monthly surcharge to fund Cannonsburg’s non-revenue water reduction efforts appears to be the most feasible means to raise the necessary funds.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF CANNONSBURG WATER DISTRICT AS FOLLOWS:**

**Section 1.** The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and

incorporated as a part of this Resolution.

**Section 2.** It is hereby determined and declared to be necessary that Cannonsburg request the PSC to authorize a new monthly surcharge in the amount of \$ 4.00 per customer to fund Cannonsburg's unaccounted-for water loss reduction efforts.

**Section 3.** The Board of Commissioners hereby authorizes the Chairman and General Manager to request that the PSC authorize a new monthly surcharge fee in the amount of \$ 4.00 per month per active meter.

**Section 4.** This Resolution shall take effect upon its adoption.

**ADOPTED BY THE BOARD OF COMMISSIONERS OF CANNONBURG WATER DISTRICT** at a meeting held on April 17, 2019, signed by the Chairman, and attested by the Secretary.

**CANNONBURG WATER DISTRICT**

BY:   
**Robert McGuire, Chairman**

ATTEST:

  
**Mark Kazee, Secretary**



## CERTIFICATION

The undersigned Secretary of Cannonsburg Water District (the "District") does hereby certify that the foregoing is a true copy of a Resolution duly adopted by the Commission of the District at a meeting properly held on April 17, 2019, signed by the Chairman of the Commission, attested by the Secretary, and now in full force and effect.

WITNESS my hand this 17th day of April, 2019.

A handwritten signature in blue ink, appearing to read "Mark Kazee", is written above a horizontal line.

**Mark Kazee, Secretary**



April 17, 2019

Mr. Tim Webb, Superintendent  
Cannonsburg Water  
1606 Cannonsburg Road  
Ashland, Kentucky 41102

**Re: Opinion of Probable Cost  
Phase I-Zone Metering Project  
Phase II-Service Line Connection and Meter Replacement Project**

Dear Mr. Webb:

On behalf of Bell Engineering, we wanted to thank for taking the time to meet with us last week. As requested, we are attaching opinion(s) of probable cost for the referenced projects. We understand that the focus of each project is the continued reduction of non-revenue water (NRW) in the Cannonsburg system. The following is a brief summary of the scope of work that will be covered under each project.

**Phase I - Zone Metering Project**

1. Installation of approximately 36 "omni" zone metering devices equipped with pressure monitoring equipment that can be incorporated into the existing flex-net system.
2. Replacement of approximately 10 existing zone metering devices with new "omni" zone metering devices equipped with pressure monitoring equipment that can be incorporated into the existing flex-net system.
3. Development of a comprehensive hydraulic model that can be used to improve current operating efficiency and plan for changes in future demand.

**Phase II - Service Line Connection and Meter Replacement Project**

1. Replacement of approximately 600 existing service line connections.
2. Purchase of approximately 500 I-pearl meters equipped with flex-net capabilities to be installed by Cannonsburg Water.

Mr. Tim Webb, Superintendent

April 17, 2019

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3. Upgrades and expansion of existing system wide telemetry.
4. Development of a capital improvements plan (CIP), flushing plan and condition assessment report for all tank and pump station sites.

Please understand that the attached probable cost were developed based on information gathered at our initial meeting and may need to be revised and updated as each project progresses.

Thank you again for allowing us the opportunity to meet with you. We look forward to working with you in the future. Should you need any additional information or further assistance please do not hesitate to contact us at your convenience.

Sincerely,  
BELL ENGINEERING



Alan Bowman, PE  
Project Engineer

Attachments

- c: Mr. Kelly Gillespie, President, Bell Engineering  
Mr. Damon R. Talley, Attorney-at-Law, Stoll Keenon Ogden PLLC



Lexington, KY | 859.278.5412  
 Hopkinsville, KY | 270.886.5466  
 Asheville, NC | 828.774.5499

## OPINION OF PROBABLE PROJECT COST

Project: PHASE 1 - ZONE METERING PROJECT Client: CANNONSBURG WATER DISTRICT  
 Date: APRIL 2019 Contract No.: 691-19-A  
 Est. By: RAB Checked By: KGG

No Design Completed  
 Preliminary  
 Final Design

Drawing No.: N/A

SHEET: 1 OF: 1

ITEM NO.	ITEM DESCRIPTION	QUANTITY		MATERIAL		LABOR		TOTAL COST
		NO.	UNIT	PER UNIT	TOTAL	PER UNIT	TOTAL	
<b>CONSTRUCTION</b>								
1	NEW 3-INCH OMNI ZONE METER	13	EA	\$7,500	\$97,500	\$3,500	\$45,500	\$143,000
2	NEW 4-INCH OMNI ZONE METER	2	EA	\$9,500	\$19,000	\$4,000	\$8,000	\$27,000
3	NEW 6-INCH OMNI ZONE METER	20	EA	\$14,000	\$280,000	\$4,500	\$90,000	\$370,000
4	NEW 12-INCH OMNI ZONE METER	1	EA	\$22,500	\$22,500	\$5,500	\$5,500	\$28,000
5	REPLACE EX. 6-INCH OMNI ZONE METER	10	EA	\$14,000	\$140,000	\$6,000	\$60,000	\$200,000
<b>TOTAL OPINION OF PROBABLE CONSTRUCTION COST</b>								<b>\$768,000</b>

### PROJECT COST

1	ENGINEERING FEES - DESIGN (USDA RD CURVE)	\$50,000
2	ENGINEERING FEES - BIDDING (USDA RD CURVE)	\$7,000
3	ENGINEERING FEES - CONSTRUCTION ADMINISTRATION (USDA RD CURVE)	\$14,000
4	ENGINEERING FEES - INSPECTION (USDA RD CURVE)	\$47,000
5	HYDRAULIC MODEL (LUMP SUM)	\$25,000
6	CONTINGENCIES (APPROXIMATELY 10% CONSTRUCTION)	\$76,000
7	LEGAL / ADMINISTRATIVE	\$10,000
<b>TOTAL OPINION OF PROBABLE PROJECT COST</b>		<b>\$987,000</b>



**OPINION OF PROBABLE PROJECT COST**



**Project:** PHASE II - SERVICE LINE CONNECTION AND METER REPLACEMENT PROJECT

**Client:** CANNONBURG WATER DISTRICT

No Design Completed  
 Preliminary  
 Final Design

**Date:** APRIL 2019  
**Est. By:** RAB  
**Contract No.:** 691-19-A  
**Checked By:** KGG

**Drawing No.:** N/A

**SHEET:** 1 OF: 1

ITEM NO.	ITEM DESCRIPTION	QUANTITY		MATERIAL		LABOR		TOTAL COST	
		NO.	UNIT	PER UNIT	TOTAL	PER UNIT	TOTAL		
<b>CONSTRUCTION</b>									
1	REPLACE EXISTING SERVICE LINE CONNECTION, INCLUDING SERVICE SADDLE AND 3/4-INCH POLY ETHYLENE WATER LINE.	600	EA	\$300	\$180,000	\$2,000	\$1,200,000	\$1,380,000	
2	PURCHASE NEW RESIDENTIAL METERS, EQUIPPED WITH "FLEX NET" MONITORING TO BE INSTALLED BY OWNER.	500	EA	\$330	\$165,000	XXXXX	XXXXX	\$165,000	
3	TELEMETRY UPGRADES	1	LS	\$250,000	\$250,000	XXXXX	XXXXX	\$250,000	
<b>TOTAL OPINION OF PROBABLE CONSTRUCTION COST</b>								<b>\$1,795,000</b>	
<b>PROJECT COST</b>									
1	ENGINEERING FEES - DESIGN (USDA RD CURVE BASED ON TOTAL OPCC)								\$99,000
2	ENGINEERING FEES - BIDDING (USDA RD CURVE BASED ON TOTAL OPCC)								\$14,000
3	ENGINEERING FEES - CONSTRUCTION ADMINISTRATION (USDA RD CURVE BASED ON TOTAL OPCC)								\$28,000
4	ENGINEERING FEES - INSPECTION (USDA RD CURVE BASED ON TOTAL OPCC)								\$86,000
5	CAPITAL IMPROVEMENTS PLAN (CIP)								\$50,000
6	FLUSHING PLAN								\$5,000
7	CONDITION ASSESSMENT REPORT OF EXISTING PUMP STATIONS AND TANK SITES								\$10,000
8	LEGAL / ADMINISTRATIVE								\$15,000
9	OTHER								\$180,000
<b>TOTAL OPINION OF PROBABLE PROJECT COST</b>								<b>\$2,282,000</b>	



**PRELIMINARY**

4/17/19