

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**APPLICATION OF HARDIN COUNTY)
WATER DISTRICT NO. 2 FOR A)
DECLARATORY ORDER THAT)
SAMPLE TESTING SATISFIES THE)
TESTING REQUIREMENTS OF 807) CASE NO. 2016-00432
KAR 5:066, SECTION 16(1) OR, IN)
THE ALTERNATIVE, FOR AN)
ORDER GRANTING A DEVIATION)
FROM 807 KAR 5:066, SECTION 16(1))**

**RESPONSE OF
HARDIN COUNTY WATER DISTRICT NO. 2
TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
DATED FEBRUARY 22, 2017**

FILED: March 3, 2017

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**RESPONSE OF APPLICANT TO
COMMISSION STAFF’S FIRST REQUEST FOR INFORMATION**

Comes the Applicant, Hardin County Water District No. 2, for its Response to the Commission Staff’s First Request for Information, and states as shown on the following pages.



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*Counsel for Hardin County Water District
No. 2*

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

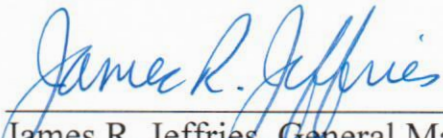
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**CERTIFICATION OF RESPONSE OF APPLICANT TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

This is to certify that I have supervised the preparation of the Applicant's Response to the Commission Staff's First Information Request. The responses submitted on behalf of Hardin County Water District No. 2 are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Date: March 3, 2017



James R. Jeffries, General Manager
Hardin County Water District No. 2

HARDIN COUNTY WATER DISTRICT NO. 2

CASE NO. 2016-00432

Response to Commission Staff's First Request for Information

Question No. 1

Responding Witness: James R. Jeffries, General Manager

Q-1. Provide a breakdown of the 5/8- x 3/4-inch meters in Hardin No. 2's system by manufacturer, model, and age.

A-1. As of December 27, 2016, Hardin No. 2's system included 26,609 5/8- x 3/4-inch meters. Sensus is the manufacturer of 26,365 of Hardin No. 2's meters and Badger is the manufacturer of the remaining 244 meters. All Badger meters in Hardin No. 2's system are Badger LP meters. The Sensus meters in Hardin No. 2's system include the following Sensus models:

- Sensus SR Series: 15,589
- Sensus Accustream: 10,607
- Sensus iPERL: 169

The breakdown by age of the meters is as follows:

- Meters installed in 2006: 555
- Meters installed in 2007: 1,074
- Meters installed in 2008: 1,342
- Meters installed in 2009: 1,487

- Meters installed in 2010: 1,291
- Meters installed in 2011: 1,878
- Meters installed in 2012: 2,092
- Meters installed in 2013: 1,993
- Meters installed in 2014: 3,197
- Meters installed in 2015: 5,810
- Meters installed in 2016: 5,890

Because all meters installed from 2006-2011 are Sensus SR Series meters, these meters are the only type of meters that will be sample tested during the next five years.

HARDIN COUNTY WATER DISTRICT NO. 2

CASE NO. 2016-00432

Response to Commission Staff's First Request for Information

Question No. 2

Responding Witness: James R. Jeffries

Q-2. State the number of years for which the manufacturer warrants the operation of the meters used in Hardin No. 2's system.

A-2. All meters used in Hardin No. 2's system are warranted for accuracy for at least 15 years. All Sensus meters are warranted for 15 years, with the exception of the Sensus iPERL meters, which are warranted for 20 years. The Badger meters are also warranted for 15 years.

HARDIN COUNTY WATER DISTRICT NO. 2

CASE NO. 2016-00432

Response to Commission Staff's First Request for Information

Question No. 3

Responding Witness: James R. Jeffries

Q-3. Provide the type of meter(s) (manufacturer and model) Hardin No. 2 plans to purchase in the future and describe the manufacturer's warranty on these meters.

A-3. The only 5/8- x 3/4-inch meters that the Board of Commissioners have approved for purchase are: Sensus SRII, Sensus Accustream, and Badger LP. The decision regarding the purchase of the 5/8- x 3/4-inch meters is contained in the Minutes of the January 20, 2015 Board of Commissioners meeting. See the excerpt from page 6 of the January 20, 2015 Minutes below:

2. **Water Meter Bid Award.** Scott Clark presented a very detailed and informative report concerning water meters, water meter testing, bid evaluation, and District Staff recommendations. Motion was made by Commissioner Tabb and seconded by Commissioner Davis to take the following actions:

a) To declare the bid submitted by Sensus for its Accustream Meter with 520M endpoint, the bid submitted by Sensus for its SR II Meter with 520M endpoint, and the bid submitted by Badger for its LP Meter with a Sensus 520M endpoint to be the lowest and best evaluated bids for Water Meters;

- b) To declare both Sensus and Badger as approved vendors for the Water Meters described above in paragraph 2(a);
- c) To award the Water Meter supply contract to both Sensus and Badger, but only for the type Water Meters described above in paragraph 2(a); and
- d) To authorize General Manager Jeffries or other appropriate personnel to execute the necessary documents to purchase the Water Meters from these two (2) approved vendors.

Motion carried unanimously.

It should be noted that all of the approved meters have 15-year warranties. *See* Hardin No. 2's Response to Question No. 2.

HARDIN COUNTY WATER DISTRICT NO. 2

CASE NO. 2016-00432

Response to Commission Staff's First Request for Information

Question No. 4

Responding Witness: James R. Jeffries

Q-4. Provide the name of the meter manufacturer(s) that the utility will be using in its sample testing.

A-4. All meters that Hardin No. 2 will be using in its sample testing are manufactured by Sensus. As indicated in Hardin No. 2's response to Question No. 1, all meters that were installed from 2006-2011 are Sensus SR Series meters. The homogeneity of the meters being sample tested will simplify the sample testing required and allow Hardin No. 2 to achieve significant savings.

HARDIN COUNTY WATER DISTRICT NO. 2

CASE NO. 2016-00432

Response to Commission Staff's First Request for Information

Question No. 5

Responding Witness: James R. Jeffries

- Q-5. Provide the minutes of the meeting of Hardin No. 2's Board of Commissioners in which the current request for deviation was discussed and authorized.
- A-5. The May 17, 2016 Minutes of Hardin No. 2's Board of Commissioners meeting are attached. On page 5, paragraph 8, the Minutes note that the Board of Commissioners reviewed and approved the filing of an application with the Commission to request a deviation from meter testing requirements.

**MINUTES OF THE
HARDIN COUNTY WATER DISTRICT NO. 2
BOARD OF COMMISSIONERS' MEETING
May 17, 2016**

The Board of Commissioners of Hardin County Water District No. 2 held its regular monthly meeting on May 17, 2016 at 4:00 p.m. at the Reesor Customer Service Center, 360 Ring Road, Elizabethtown, Kentucky. Present were Commissioners Mike Bell, Tim Davis, John Effinger, Morris L. Miller, and Cordell Tabb. Also present were General Manager James R. Jeffries, Scott Clark, Lea Ona Sims, Shaun Youravich, Damon Talley, and Vaughn Williams. Chairman Bell declared that a quorum was present and called the meeting to order.

VISITORS

Tim Dennis, President of the White Mills Civic League, Inc. (Civic League), made a presentation on behalf of the Civic League. The Civic League desires to construct a landing site and parking lot for those canoeing and kayaking on the Nolin River. The preferred location for the public access point is on property owned by the District near its White Mills Water Treatment Plant. The Civic League needs to obtain a lease for the proposed site from the District (**see New Business Item 1 for Board action**).

MINUTES & FINANCIAL REPORT

The Minutes of the April 19, 2016 meeting were reviewed. Motion was made by Commissioner Miller and seconded by Commissioner Davis to approve the Minutes as prepared. Motion carried unanimously.

The Financial Report for the month of April was reviewed. Motion was made by Commissioner Miller and seconded by Commissioner Effinger to accept the Financial Report as presented and to authorize payment of the bills that are due and payable at this time. Motion carried unanimously. The Commissioners also reviewed the status of the District's various investment accounts and the long-term debt payment requirements.

REPORTS

1. **Engineering Reports.** Vaughn Williams presented the engineering reports for water.

A. Engineering Reports - Water.

- (1) **LWC Connection.** Vaughn Williams reported that the RD Pre-Closing and Pre-Construction Conference for the LWC Connection Project will be held on May 25, 2016. Construction should start shortly thereafter. He also reported that Kenvirons, Inc. has prepared a preliminary layout of the Upper Pump Station site. Approximately 1.5 acres will need to be purchased.

B. Engineering Reports – Wastewater.

- (1) **Nolin River Watershed.** No Report.

2. **Departmental Reports.** General Manager Jeffries presented the Departmental Reports.

OLD BUSINESS

1. **2030 Water Source SOQ.** General Manager Jeffries reviewed the draft Request for Statement of Qualifications (SOQ) for engineering studies and services for the proposed 2030 Water Source Project. Motion was made by Commissioner Miller and seconded by Commissioner Davis to authorize District Staff to solicit SOQs from engineering firms for the 2030 Water Source Project. Motion carried unanimously.

2. **Resolution Adopting New Water Rates.** Attorney Talley reviewed the provisions of the proposed Water Rate Adjustment Resolution. Commissioner Davis next introduced and moved immediate adoption of proposed Resolution No. 2016-05-01 identified by its title or caption as follows:

RESOLUTION NO. 2016-05-01

**A RESOLUTION OF THE COMMISSION OF HARDIN COUNTY
WATER DISTRICT NO. 2 ADJUSTING WATER RATES AND
CHARGES**

The motion for the adoption of the Resolution was seconded by Commissioner Miller. After full discussion, the Chairman put the question to vote. Motion carried unanimously.

The Chairman then announced that the Motion was carried and the Resolution was duly adopted. He signed it as evidence of his approval, caused it to be attested by the Secretary, and announced that it was in full force and effect.

3. Resolution Accepting Best Bid on Series 2016A Bonds. Chairman Bell announced that only one (1) bid had been received for the Series 2016A Bonds, which will be issued to help fund the LWC Connection Project. The bid was submitted by RD for an interest rate of 4.125%. Attorney Talley then reviewed the provisions of proposed Resolution No. 2016-05-02 accepting the Best Bid for the 2016A Bonds. Commissioner Miller next introduced and moved immediate adoption of proposed Resolution No. 2016-05-02 accepting the Best Bid for the 2016A Bonds identified by its title or caption as follows:

RESOLUTION NO. 2016-05-02

**A RESOLUTION ACCEPTING THE BEST AND ONLY BID
RECEIVED FOR THE PURCHASE OF \$5,000,000 PRINCIPAL
AMOUNT OF HARDIN COUNTY WATER DISTRICT NO. 2,
WATER SYSTEM REVENUE BONDS, SERIES 2016A, AS
AUTHORIZED BY A RESOLUTION PREVIOUSLY ADOPTED
BY THE BOARD OF COMMISSIONERS OF THE DISTRICT,
AND ESTABLISHING THE INTEREST RATE TO BE MADE
APPLICABLE THERETO**

The motion for the adoption of the Resolution was seconded by Commissioner Effinger. After full discussion, the Chairman put the question to vote. Motion carried unanimously.

The Chairman then announced that the Motion was carried and the Resolution was duly adopted. He signed it as evidence of his approval, caused it to be attested by the Secretary, and announced that it was in full force and effect.

4. Interim Financing Resolution. Attorney Talley reviewed the provisions of proposed Resolution No. 2016-05-03 concerning Interim Financing for the 2016 RD Project. Commissioner Miller next introduced and moved immediate adoption of proposed Resolution No. 2016-05-03 identified by its title or caption as follows:

RESOLUTION NO. 2016-05-03

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
HARDIN COUNTY WATER DISTRICT NO. 2 APPROVING AND
AUTHORIZING A LOAN AGREEMENT BETWEEN THE
DISTRICT AND THE KENTUCKY RURAL WATER FINANCE
CORPORATION

The motion for the adoption of the Resolution was seconded by Commissioner Effinger. After full discussion, the Chairman put the question to vote. Motion carried unanimously.

The Chairman then announced that the Motion was carried and the Resolution was duly adopted. He signed it as evidence of his approval, caused it to be attested by the Secretary, and announced that it was in full force and effect.

NEW BUSINESS

1. White Mills Civic League Request. Motion was made by Commissioner Davis and seconded by Commissioner Tabb to grant the request sought by the White Mills Civic League, Inc. (Civic League), to approve a short-term lease with the Civic League for the purpose of establishing a public access point to the Nolin River, and to authorize Chairman Bell to execute the Lease Agreement. Motion carried unanimously.

2. June Board Meeting Date. By consensus, the June Board Meeting date will be rescheduled for Thursday, June 23, 2016 at 4:00 p.m. EDT.

3. Refunds of Deposits. Administrative Manager Scott Clark explained the District's current procedure for refunding deposits by check to "Customers in Good Standing." District Staff recommends that the Board revise its existing procedure and permit the refunding of deposits to "Customers in Good Standing" by crediting their bills. Motion was made by Commissioner Miller and seconded by Commissioner Effinger to accept Staff's recommendation and revise this procedure. Motion carried unanimously.

4. Employee Pavilion. General Manager Jeffries presented a proposal for constructing a small outdoor pavilion at the Customer Service Center. Motion was made by Commissioner Davis and seconded by Commissioner Miller to authorize District Staff to construct the outdoor pavilion at a cost not to exceed \$13,500. Motion carried unanimously.

5. White Mills WTP Clearwell No. 1 Rehab. Motion was made by Commissioner Davis and seconded by Commissioner Miller to authorize District Staff to advertise for bids for rehabilitation of the White Mills WTP Clearwell No. 1. Motion carried unanimously.

6. Mini Excavator Purchase. District Staff recommended the purchase of a new Mini Excavator. Motion was made by Commissioner Tabb and seconded by Commissioner Miller to accept the recommendation of District Staff and to authorize the purchase of a new 2016 Caterpillar 305E2 Mini Excavator by utilizing the State Master Bid Contract (MA-758-1300000667). Motion carried unanimously.

7. Pay By Text. The Commissioners reviewed the request of District Staff to purchase the necessary billing software to enable customers to "Pay By Text." Motion was made by Commissioner Davis and seconded by Commissioner Tabb to accept the recommendation of District Staff and to authorize the purchase of the proposed billing software and payment of other implementation costs necessary to enable customers to "Pay By Text." Motion carried unanimously.

8. Meter Test Deviation. Motion was made by Commissioner Davis and seconded by Commissioner Tabb to approve District Staff's request to file an application with the PSC requesting a deviation from the regulation which requires residential meters to be tested or replaced after 10 years of service and to authorize Stoll Keenon Ogden PLLC to perform the necessary legal services. The deviation will request the 10 year interval to be extended to 15 years. Motion carried unanimously.

9. **Executive Session.** Motion was made by Commissioner Miller and seconded by Commissioner Davis to go into Executive Session to discuss real property and easement acquisitions and pending litigation. Motion carried unanimously.

*** * * EXECUTIVE SESSION DISCUSSION * * ***

Motion was made by Commissioner Miller and seconded by Commissioner Davis to return to open session. Motion carried unanimously. Chairman Bell announced that it will be necessary to take action at this time concerning some of the matters discussed during the Executive Session.

10. **Resolution Approving Purchase of Real Estate.** Attorney Talley reviewed the provisions of proposed Resolution No. 2016-05-04 concerning the purchase of real estate. The Resolution is identified by its title or caption as follows:

RESOLUTION NO. 2016-05-04

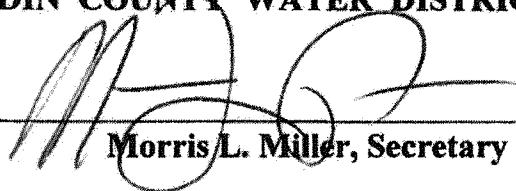
**RESOLUTION OF THE HARDIN COUNTY WATER DISTRICT
NO. 2 APPROVING PURCHASE OF REAL ESTATE LOCATED
AT 315 RING ROAD, ELIZABETHTOWN, KENTUCKY AND
AUTHORIZING OFFICERS TO EXECUTE DEED AND CLOSING
DOCUMENTS**

Motion was made by Commissioner Miller and seconded by Commissioner Effinger to adopt proposed Resolution No. 2016-05-04. After full discussion, the Chairman put the question to vote. Motion carried unanimously.

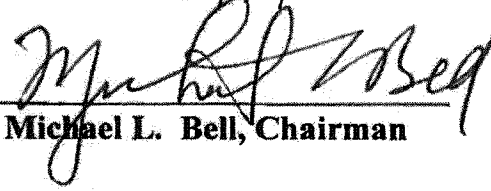
ADJOURNMENT

There being no further business to come before the meeting, motion was made by Commissioner Effinger and seconded by Commissioner Tabb to adjourn the meeting. Motion carried unanimously.

HARDIN COUNTY WATER DISTRICT NO. 2

BY: 
Morris L. Miller, Secretary

Date Approved: 6/23/16

BY: 
Michael L. Bell, Chairman

HARDIN COUNTY WATER DISTRICT NO. 2

CASE NO. 2016-00432

Response to Commission Staff's First Request for Information

Question No. 6

Responding Witness: Scott Clark, Customer Service Manager

Q-6. Refer to Exhibit 2 of the application. The cost of meter is stated to be \$92.

- a. Provide a detailed description of how this amount was determined
- b. Provide invoices supporting this amount.

A-6. a. The attached document contains an excerpt from a December 1, 2016 email to Scott Clark, Customer Service Manager at Hardin No. 2. The email indicates that the 5/8- x 3/4-inch Sensus Accustream meter was priced to Hardin No. 2 for 2017 at \$92 per meter.

- b. The attached invoice shows a per meter cost of \$85 for the meters purchased on April 18, 2016. This is the most recent group of meters that Hardin No. 2 has purchased. Meter cost has increased to \$92 since this invoice.

SENSUS ACCUSTREAM METER PRICE 2017

Scott,

Below are the prices we can hold firm for the calendar year 2017 for Hardin County #2.

Description	Unit Cost \$ for 12-18-16 thru 12-31-17	Cost prior to E-Town
520M single port mxu	\$122.00	\$127.00
5/8"x3/4" accuSTREAM	\$92.00	\$98.00
5/8"x3/4" SLP accuSTREAM	\$78.00	\$81.00

THE C.I. THORNBURG CO., INC.
PO BOX 2163
HUNTINGTON BRANCH
HUNTINGTON, WV 25705
304-523-3484 Fax 304-523-0510

***** Invoice *****

INVOICE DATE	INVOICE NUMBER
04/18/16	S1706032.3
REMIT TO:	
THE C.I. THORNBURG CO., INC. P.O. BOX 2163 HUNTINGTON, WV 25722-2163	
PAGE NO.	1

BILL TO:

HARDIN COUNTY #2 AMR
 360 RING ROAD
 P O BOX 970
 ELIZABETHTOWN, KY 42702

SHIP TO:

HARDIN COUNTY #2 AMR
 360 RING ROAD
 P O BOX 970
 ELIZABETHTOWN, KY 42702

CUSTOMER NUMBER	CUSTOMER ORDER NUMBER	CUSTOMER JOB NUMBER	WHSE	SALESPERSON	TERMS: DUE DATE AND CASH DISCOUNT IF APPLICABLE ARE LISTED BELOW.	
19145	700-1568		2	BLADEN		
SALES TICKET NUMBER	SHIP VIA		DATE SHIPPED	ORDER DATE	1 1/2% FINANCE CHARGE ADDED ON PAST DUE ACCOUNTS.	
S1706032.3	DIRECT		04/18/16	03/11/16		
DESCRIPTION	ORDER QTY	SHIP QTY	UM	NET UNIT PRICE	NET AMOUNT	
***** QUOTE # 27182 ***** 5/8"x3/4" ACCUSTREAM TRPL 100G L/HOUSING A2DXX38GGXXX1XX RDP LL METER W/ 6' CABLE	650	650		85.000	55250.00	
Credit Card or P-Card payments made after 30 Days from date of Invoice will be subject to a 4% Card Processing Fee.						

SUBTOTAL	55250.00
FREIGHT	0.00
SALES TAX	0.00
AMT DUE	55250.00

PAYMENT TERMS: NET 30 DAYS. PAST DUE ACCOUNTS SUBJECT TO 1 1/2% FINANCE CHARGE PER MONTH. ANNUAL PERCENTAGE RATE 18%.
NO RETURNS ALLOWED WITHOUT PROPER WRITTEN AUTHORIZATION. RETURN MATERIAL SUBJECT TO RESTOCKING, HANDLING AND FREIGHT CHARGES.
WARRANTIES: LIMITED TO THOSE PROVIDED BY MANUFACTURER.

HARDIN COUNTY WATER DISTRICT NO. 2

CASE NO. 2016-00432

Response to Commission Staff's First Request for Information

Question No. 7

Responding Witness: James R. Jeffries

Q-7. Refer to the application at 17. Hardin No. 2 states that the proposed plan will result in annual meter capital cost savings of \$76,636. Explain in detail how this amount was determined.

A-7. To calculate the approximate annual meter capital cost savings in its Application, Hardin No. 2 used a conservative approximation of 25,000 5/8-x 3/4-inch meters in its system. As of February 27, 2017, Hardin No. 2 had 26,662 meters in its system. The explanation below of the \$76,636 savings uses the approximation of 25,000 meters; however, because there are actually 26,662 meters in Hardin No. 2's system, the approximate annual meter capital cost savings are higher than the calculation shown below.

With approximately 25,000 meters in its system, Hardin No. 2 calculated that if meters are replaced every 10 years, an average of 2,500 meters will be replaced each year ($25,000/10 = 2,500$). If meters are instead replaced every 15 years, an average of 1,667 meters will be replaced each year ($25,000/15 = 1,667$). Thus, on average, extending meter life to 15 years would result in 833 fewer meters purchased annually ($2,500 - 1,667 = 833$). At a price of \$92 per meter, Hardin No. 2 would, on average, save \$76,636

annually by moving to a 15-year replacement program ($833 \times \$92 = \$76,636$). This calculation is also shown in Exhibit 2 to the Sample Meter Testing Plan, which is attached as Exhibit 1 to the Application. This method of estimating savings is the same method used by Kentucky-American Water Company and accepted by the Commission in Case No. 2009-00253.¹

Additionally, Hardin No. 2 will avoid making significant capital expenditures if it is able to sample test meters and extend the life of the vast majority of meters from 10 to 15 years. If Hardin No. 2 were to continue replacing its meters on a 10-year cycle, it would replace approximately 5,749 meters over the next 5 years. By extending meter service life to 15 years, Hardin No. 2 will avoid making capital expenditures totaling \$528,908 ($5,749 \text{ meters} \times \$92 \text{ per meter} = \$528,908$).

¹ *Kentucky-American Water Company's Request for Permission to Deviation from 807 KAR 5:066, Section 16(1), Response to Commission Staff's First Data Request to Kentucky-American Water Company, Question 1, Page 2 of 3 (Ky. PSC June 18, 2010).*

HARDIN COUNTY WATER DISTRICT NO. 2

CASE NO. 2016-00432

Response to Commission Staff's First Request for Information

Question No. 8

Responding Witness: James R. Jeffries

- Q-8. Refer to page 7 of Exhibit 1 to the application. Hardin No. 2 states, "If any randomly selected meter is broken, damaged, frozen, or has been vandalized or tampered with, then that particular meter will be replaced by another random selection." State whether the utility will use the test data from the damaged meters in the data for its sample testing plan, along with the other randomly selected meter, or whether data from damaged meters will be excluded.
- A-8. If Hardin No. 2 randomly selects a meter that is broken, damaged, frozen, vandalized, or tampered with, Hardin No. 2 will **not** use the damaged meter to determine whether the sample group meets the ANSI Standard. The damaged meter will be removed from the ANSI Standard calculation because it will not accurately register the flow due to extraneous forces and will not speak to the overall ability of meters purchased in a particular year to read accurately. Using damaged meters in the ANSI Standard calculation would create results that are unrepresentative of the meters in Hardin No. 2's system.

If Hardin No. 2 randomly selects a damaged meter, it will randomly select another meter for the ANSI Standard calculation. The damaged meter will be removed from service and replaced. Hardin No. 2 will report any

damaged meter that was excluded from sample testing in its annual filing with the Commission.

Excluding damaged meters from testing not only guards against test results that are unrepresentative of the entire sample, but is consistent with meter warranties. Sensus's warranty does not apply to damaged or tampered meters. Similarly, Badger's warranty does not apply to meters which have been subject to vandalism, acts of God, or other circumstances that are beyond the reasonable control of Badger Meter. Hardin No. 2 meters that are broken, damaged, frozen, vandalized, or tampered with are similarly out of Hardin No. 2's control and should not be used in sample testing.

HARDIN COUNTY WATER DISTRICT NO. 2

CASE NO. 2016-00432

Response to Commission Staff's First Request for Information

Question No. 9

Responding Witness: James R. Jeffries

- Q-9. State whether after 15 years of service the utility plans to place the meters back into service for an additional 15 years if the meters' accuracy is acceptable. If the utility does not plan to use the meters after 15 years of service, state whether it will test the meters for accuracy before retiring them.
- A-9. Hardin No. 2 does **not** plan to place the 15-year-old meters back into service for an additional 15 years because it understands that meters are unlikely to be accurate for 30 years. Hardin No. 2 currently expects to remove meters after they reach 15 years of age. Because of the 15-year manufacturer warranties and studies indicating that meter performance remains largely accurate until meters reach 15 years of age, Hardin No. 2 and its ratepayers will benefit if these meters can remain in service until that age. If, at that time, the results of the meter sample testing indicates that meters remain largely accurate for longer than 15 years, Hardin No. 2 will consider requesting Commission approval of modifications to the testing and meter deployment protocols proposed in this proceeding.

Hardin No. 2 will sample test meters before the 15-year-old meters are retired. It will use the sample test results to determine whether to retire the

15-year-old meters or keep them in service for an additional year. If the sample testing shows that 15-year-old meters remain accurate, Hardin No. 2 will request Commission approval to modify the testing and meter deployment protocols proposed in this proceeding.

Hardin No. 2 will also test any removed meters with suspect water usage or as requested by customers.

HARDIN COUNTY WATER DISTRICT NO. 2

CASE NO. 2016-00432

Response to Commission Staff's First Request for Information

Question No. 10

Responding Witness: James R. Jeffries

Q-10. Refer to page 9 of the application. Hardin No. 2 states, "The Plan is consistent with the results of tests performed by other Kentucky water utilities for which the Commission has granted deviations to maintain their 5/8- x 3/4-inch meters in service for 15 years without testing based upon the use of similar sample testing methodologies." State whether Hardin No. 2 has performed any in-depth study similar to those performed by the utilities in the cases that have been cited in comparison. If so, provide a copy of any such study. Further, state whether the meters to be used in the sample testing by Hardin No. 2 are made by the same manufacturer as the meters that were studied in the respective cases cited in comparison.

A-10. In the cases cited by Hardin No. 2, the utilities sought to expand the time that their meters could remain in service **without testing** from 10 years to 15 years. Hardin No. 2 is not making such a request; instead, Hardin No. 2 is simply requesting that sample testing be considered as an alternative to individually testing all meters. A study is unnecessary because Hardin No. 2 is not requesting an extension of meter service life without testing as was requested in Case Nos. 2011-00220 and 2009-00253. Hardin No. 2 cited these cases to show that the Commission has already recognized the merits of sample testing water meters.

If the Commission finds that sample testing is an acceptable alternative to individually testing all meters, 807 KAR 5:066, Section 16

permits the meters to remain in service for an additional 10 years until the next testing must be performed. Hardin No. 2, however, does not currently intend to allow these meters to remain in service more than five years after the initial sample testing of the age group is performed – the period of time for which the meter manufacturers have warranted the accuracy of the meters. Moreover, Hardin No. 2 intends to provide additional sample testing for members of the age group annually after the initial sample testing to monitor meter performance and ensure compliance with meter accuracy standards. Such action goes beyond the requirements of 807 KAR 5:066 and beyond the actions taken by applicants in Case Nos. 2011-00220 and 2009-00253.

By approving the studies performed in Case Nos. 2011-00220 and 2009-00253, the Commission not only recognized the merits of sample testing, but, by extending meter service life, also acknowledged that water meters remain largely accurate for 15 years. Given the results from the sample testing in these cases, the manufacturer warranties, and studies indicating that water meter performance remains largely accurate through 15 years of age, Hardin No. 2 does not believe that another preliminary study is necessary to show that meter performance is largely accurate through 15 years. Further, unlike Case Nos. 2011-00220 and 2009-00253, Hardin No. 2

will sample test meters from each age group of meters over 10 years to ensure that meters are registering accurately. Allowing Hardin No. 2 to implement its Plan now will allow Hardin No. 2 to immediately receive the cost benefits associated with the Plan.

The meters to be used in the sample testing by Hardin No. 2 are made by the same manufacturer as the meters that were studied in the cited cases. All of the sample tested meters in Case No. 2011-00220 were Sensus SR Series meters.² The sample tested meters in Case No. 2009-00253 included meters manufactured by a number of different manufacturers, including Sensus and Badger.³ Hardin No. 2 reiterates that it is relying upon the Commission's recognition of sample testing in Case Nos. 2011-00220 and 2009-00253 and is not relying solely upon the results of the studies in those cases to support its request. Nevertheless, the cited cases do support the premise that Hardin No. 2's meters will remain accurate for 15 years.

² *Joint Application of Warren County Water District, Simpson County Water District, and Butler County Water System, Inc. for a Deviation from Approved Meter Testing Program*, Case No. 2011-00220, Order at 4 (Ky. PSC Mar. 5, 2013).

³ *Kentucky-American Water Company's Request for Permission to Deviate from 807 KAR 5:066, Section 16(1)*, Case No. 2009-00253, Kentucky-American Water Company's Response to Item 3 of the Commission Staff's First Data Request (Ky. PSC June 18, 2010).

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that Hardin County Water District No. 2's electronic filing of this Application is a true and accurate copy of the same document being filed in paper medium; that the electronic filing was transmitted to the Public Service Commission on March 3, 2017; that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding; and that an original paper medium of this Application will be delivered to the Public Service Commission on or before March 7, 2017.


Damon R. Talley