

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF THE )  
MARTIN COUNTY WATER DISTRICT )  
FOR ALTERNATIVE RATE ADJUSTMENT )  
)

CASE NO. 2018-00017

**MOTION TO AMEND PSC ORDER OF MARCH 16, 2018  
AND OCTOBER 10, 2018 RELATIVE TO SURCHARGE**

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Comes the Martin County Water District (hereinafter District), by counsel, and moves the Public Service Commission (hereinafter Commission) to amend the Public Service Commission Order of March 16, 2018 and October 10, 2018, relative to the surcharge account. As grounds therefore, the District states as follows:

The District applied for a rate adjustment on January 16, 2018. After two hearings, the Commission ordered (on March 16, 2018) and authorized, a debt service surcharge to be applied to each customer account in the amount of \$4.19, in addition to an interim emergency rate adjustment. The Commission further ordered that a separate bank account be created, that all revenue from the surcharge be deposited therein, and that the proceeds not be disbursed absent an Order of the Commission. The Commission ordered that the surcharge was solely for the discharge of its accounts payable incurred prior to April 1, 2018, or for the purposes of securing a loan.

That, as the Commission is aware, the District has been unable to secure financing using the surcharge as collateral.

That the District moved the Commission on October 10, 2018, for approval to pay indebtedness with surcharge funds, consistent with a schedule attached to that Motion. By Order of October 16, 2018, the Commission sustained that Motion, and the District has been paying its past due accounts payable consistent with the Order of the Commission since that time, and providing those payment records to the Commission monthly.

On November 5, 2018 the Commission entered an Order establishing an additional rate adjustment, which into effect in January of 2019. Since the implementation of the additional rate adjustment, the finances of the District have stabilized. With the additional revenue, the District has been able to operate in a businesslike fashion, and has the financial ability to pay its current accounts payable.

The purpose of this Motion, however, is to address the accounts payable that accrued between April 1, 2018 until December 31, 2018.

The emergency rate adjustment that was implemented in the March 16, 2018 Order prevented District insolvency. It was not sufficient, however, to permit the District to pay ongoing accounts payable. Therefore, additional indebtedness accrued in that period. A list of the accounts payable that was accrued, or increased during that window of time is listed below.

- Ky Underground - \$435.00
- Fast Change - \$3,110.36
- All Pumps - \$9,411.90
- CI Thornburg - \$10,704.00
- Howell's Recycling - \$12,050.00
- CI Thornburg - \$14,960.00
- Blue Water Kentucky - \$16,186.15
- Evans Hardware - \$17,392.76
- Soles Electric - \$18,444.00
- Service Pump - \$22,282.99
- Brian Cumbo - \$31,434.10
- Prestonsburg City Utilities - \$39,562.00


That the District moves the Commission for an Order, permitting the District to apply the surcharge funds to pay the accounts payable listed above, which will take approximately 14 months. That, thereafter, the District apply the surcharge funds to its five remaining vendors who have expressed their willingness to wait for payments, who are listed below:

CI Thornburg - \$60,797.54  
Evan's Hardware - \$60,802.57  
Xylem - \$63,420.00  
Linda Sumpter - \$175,650.00  
Zip Zone - \$254,090.77

That this schedule permits the District to, within approximately 14 months, be in relatively sound financial footing and enhances the ability of the District to maintain meaningful working relationships with those creditors who provide valuable goods and services to the District.

That the Affidavit of Jimmy Kerr is attached hereto and in support hereof.

Wherefore, the District requests the Commission amend its' Orders of March 16, 2018 and October 10, 2018, to include that debt incurred between April 1, 2018 and December 31, 2018, listed in this Motion. Further, that the Commission approve the priority of payment, as listed herein, and any further appropriate Orders.

  
BRIAN CUMBO  
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WATER DISTRICT  
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**CERTIFICATE OF SERVICE**

This will certify that a true and correct copy of the foregoing was emailed & mailed, postage pre-paid, on this the 16<sup>th</sup> day of October, 2019, to the following:

Public Service Commission  
ATTN: Brittany Koenig  
P.O. Box 615  
Frankfort, KY 40602

Hon. Mary Varson Cromer  
Appalachian Citizens' Law Center, Inc.  
317 Main Street  
Whitesburg, KY 41858  
*mary@appalachianlawcenter.org*

Hon. M. Todd Osterloh  
Hon. James Wilson Gardner  
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BRIAN CUMBO

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**AFFIDAVIT OF JIMMY KERR**


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Comes the Affiant, Jimmy Kerr, after being duly sworn, and states as follows:

1. That I, Jimmy Kerr, am the Chairman of the Board of Commissioners of the Martin County Water District.
2. That I have directed Mr. Cumbo to prepare the Motion which accompanies this Affidavit.
3. That the emergency rate adjustment ordered on March 16, 2018 prevented District insolvency.
4. However, between April 1, 2018 and December 31, 2018, additional accounts payable accrued because the District's revenue was still insufficient to pay current accounts payable.
5. That the additional rate adjustment approved by the Commission in its Order of November 5, 2018 was implemented in January of 2019. That adjustment stabilized the District finances, and since then, the District has been able to remain current on its accounts payable.

6. That the Board of Commissioners requests the Public Service Commission permit the accounts payable listed in the Motion, which accrued between April 1, 2018 and December 31, 2018, be included in that debt to be serviced by the surcharge account.
7. As a practical matter, the District is financially unable to service these accounts payable, as the rate adjustment permits the District to remain current, but is insufficient to permit the District to pay past due accounts payable.
8. Utilizing the surcharge account for bills accrued while the Commission considered the District's application serves the best interests of the District, and its rate payers, permitting the District to remain on good terms with their vendors, who provide valuable resources and services to the District.
9. That efforts to secure a loan, pledging the surcharge account as collateral, has been unsuccessful.
10. That the five remaining creditors have expressed their willingness to continue to be patient and work with the District in the fashion previously established.

Further the Affiant saith naught.

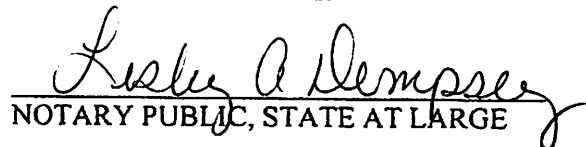
  
\_\_\_\_\_  
JIMMY KERR

STATE OF KENTUCKY)

COUNTY OF MARTIN)

SUBSCRIBED, ACKNOWLEDGED and SWORN TO before me by Jimmy Kerr this the 16<sup>th</sup> day of October, 2019.

My Commission Expires: 9-18-22

  
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NOTARY PUBLIC, STATE AT LARGE