



BRIAN CUMBO

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ADMITTED IN KY AND WV

February 6, 2019

Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RE: Martin County Water District
PSC Case No. 2018-00017

To Whom It May Concern:

Enclosed please find a Notice of Filing of a letter dated February 4, 2019 from Prestonsburg City's Utilities Commission in response to the District's Request for Proposals.

The electronic filing receipt is also enclosed.

Thank you for your attention to this matter.

Very truly yours,

BRIAN CUMBO

BC/ld

Enclosure

cc: Martin Water District (w/enc.)

Big Sandy Area Development District (w/enc.)

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

NOTICE OF FILING

Comes the Martin County Water District (hereinafter District), by counsel, and hereby gives Notice of filing of the attached letter dated February 4, 2019 from Prestonsburg City's Utilities Commission in response to the District's request for proposals.



BRIAN CUMBO
COUNSEL FOR MARTIN COUNTY
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 6 day of February, 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
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street, Ste. 1400
Lexington, KY 40507
tosterloh@sturgillturner.com
jameswilsongardner@gmail.com


BRIAN CUMBO

Prestonsburg City's Utilities Commission

Water, Waste Water and Natural Gas System

(Municipally Owned)

2560 South Lake Drive

Prestonsburg, Kentucky 41653-1048

Phone (606) 886-6871 • Fax (606) 886-8779

TDD: Ky Relay #711

February 4, 2019

Big Sandy ADD
110 Resource Court
Prestonsburg, Kentucky 41653

ATTN: ERIC RATLIFF

Re: Response to Martin County Water District's
Request for Proposal

Dear Mr. Ratliff:

I am responding on behalf of Prestonsburg City's Utilities Commission ("PCUC") to the Martin County Utility Board's request for proposals for the management, operations, maintenance of the Martin County Water District ("District") and Martin County Sanitation District.

At this time, PCUC is unable to submit a response to the Request for Proposal for the following reasons:

1. Based on the history of the technical difficulties with transporting raw water from the Tug Fork of the Big Sandy River to the Crum Reservoir via numerous pumps, etc., that system appears to be unreliable and is likely to continue to have major service interruptions in the future. Due to the high risk of service interruptions, PCUC does not want to have responsibility for operating the water treatment plant;
2. Based on our experience in the acquisition of a portion of the Southern Water and Sewer District's ("Southern") water distribution system and all of its sewer treatment plants, the cost to upgrade facilities suffering from deferred maintenance was more expensive than initially expected. We would expect to experience similar cost overruns in any project involving assets of the Martin County Utility Board ("MCUB");
3. PCUC has not completed the acquisition of a portion Southern's water assets, and due to limitations on the availability of staff for operation and maintenance, PCUC would not have sufficient time or personnel to devote to MCUB at this time;

Eric Ratliff
February 4, 2019
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4. Presently, the District and PCUC provide water service to the Federal Bureau of Prisons on a joint basis under a Joint Operation Agreement entered into by the respective utilities on July 3, 2000. Since the Joint Operation Agreement provides that either party can make up shortfall in service provided by the other, the control by PCUC of the water assets of the District creates a conflict of interest. PCUC is concerned that if the District is unable to provide its quota of water service for any period of time, that failure by the District would be subject to criticism by the District's board members and members of the public as manipulating the system to the advantage of PCUC. Consequently, PCUC is uncomfortable in entering into a management arrangement as long as PCUC is obligated under the Joint Operation Agreement to jointly provide water to the Federal Bureau of Prisons; and

If you have any questions in regard to this letter, please contact me at your convenience.

Sincerely,



Turner E. Campbell, Superintendent

Cc: Brian Cumbo