

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 THE PUBLIC SERVICE  
COMMISSION ORDER OF NOVEMBER 5, 2018**

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Comes the Martin County Water District (hereinafter District), by counsel, and moves the Public Service Commission (hereinafter Commission) for an Order, amending its' Order of November 5, 2018 in the following respects.

1. That the Order of November 5, 2018 relative to the management and infrastructure surcharge of \$3.16 per customer per month be utilized to hire a competent and qualified general manager and to develop a management and infrastructure plan to reduce water loss.
2. That the District be provided a period of time, not to exceed 90 days, in which to advertise for, interview, and hire a qualified general manager, who can be assured of being paid by the utilization of the surcharge as requested by the District.
3. That the deadline for the District to submit a management and infrastructure plan be extended sixty days following the date of hire of the general manager.

4. That the District be permitted to immediately implement the \$3.16 surcharge per customer per month, and that those proceeds be deposited into a separate interest bearing account, so as to fund the position of general manager, including salary and overhead, and develop a management and infrastructure plan to reduce water loss.
5. That should the District be unable or unwilling to hire a competent and qualified general manager within 90 days, that the surcharge proceeds which have been collected be utilized as a security deposit for the hiring of a management company.
6. To order the continued collection of the debt service surcharge of \$4.19 and that creditors be paid consistent with the Order of October 18, 2018, and the potential ruling on the District's pending motion filed on October 16, 2019.

As grounds therefore, the District argues as follows:

The District Board of Commissioners believes that a well vetted, well qualified general manager is in the best interest of the District, and its' ratepayers. However, the District did not, and does not, have the revenue necessary to fund the position. If they had, they would have sought out and hired the most qualified applicant they could afford when the position was advertised and reported to the Commission on August 1, 2018 in case number 2016-00142.

This rate case began with the application filed by Martin County Water District on January 16, 2018 for an alternative rate adjustment, utilizing data for the calendar year 2016. The Commission analysis removed the salary paid for Joe Hammond, the manager for calendar year 2016, and utilized instead the current salary of interim manager Greg Scott.

The District argued in its' filing of June 27, 2018, that the salary of Greg Scott was a temporary reduction in District expenses, and the full salary and benefit package of a general manager be included. The Commission staff chose to utilize Greg Scott's salary of \$9,000.00 in

its' rate making analysis, reducing the salary (\$62,306) and benefits (\$17,945) in the rate base in the Order of November 5, 2018.

The Commission's Order of November 5, 2018 further mandates a contract operator be hired. The District sought clarification by its' Motion of December 7, 2018. The Commission clarified that issue by its' Order of December 20, 2018. The District thereafter never sought a general manager, as it reasonably believed a contract operator was required. The District proceeded with issuing a Request for Proposals to manage, operate and maintain the water system as required in the Order of December 20, 2018.

At the hearing on October 22, 2019, the Board learned, for the first time, that the Commission would, in fact, have provided the necessary rate adjustment and/or surcharge sufficient to fund the position of general manager, had one been hired, according to Chairman Schmitt.


The Board is currently comprised of individuals who stepped into this situation knowing the difficulties involved, and have been managing the District as best they can given the challenging conditions. At this time, the District cannot provide assurances to any qualified applicant for general manager that funds are available to pay their salary. Likewise, how could the District attract well qualified applicants, when applicants are aware of the District's financial condition? It is, and has been, the belief of this Board that a general manager which meets the qualifications set forth in its' previous advertisement should be hired. It would be irresponsible to attempt to hire a person for that position knowing that revenue was inadequate to fund the position. Mr. Heitzman of Bluewater (the District consultant) advises the District that the expected salary of a qualified general manager would be \$75,000 - \$85,000, plus overhead, and the current revenues of the District are inadequate to make that hire.

The District argues that the ratepayers would be best served at this time by the hiring of a general manager who possesses the experience and qualifications necessary to lead the District through these challenging times. The cost of hiring a qualified general manager will be less than the cost premium required to retain a contract operator to manage, operate and maintain the District.

That the District invites Nina McCoy, a representative of the Martin County Concerned Citizens, to join a hiring committee for the position.

That the District moves the Commission to amend its' Order of November 15, 2018, and proposes the schedule as set forth above to make the necessary hire. Should a qualified hire not be made within the deadline, that the surcharge proceeds be applied towards the security deposit for a contract operator.

Wherefore, counsel requests appropriate Orders of the Commission consistent with this Motion.

  
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**CERTIFICATE OF SERVICE**

This will certify that a true and correct copy of the foregoing was mailed & emailed, postage paid, on this the 30 day of Oct, 2019, to the following:

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