

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

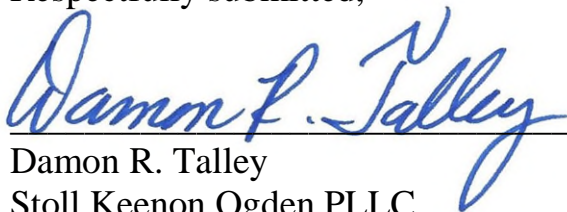
**ELECTRONIC APPLICATION OF )  
CANNONSBURG WATER DISTRICT )  
FOR A CERTIFICATE OF PUBLIC )  
CONVENIENCE AND NECESSITY TO )  
INSTALL A ZONE METERING )  
SYSTEM AND OTHER SYSTEM )  
IMPROVEMENTS, AUTHORIZATION ) CASE NO. 2020-00118  
TO EXECUTE AN ASSISTANCE )  
AGREEMENT WITH THE KENTUCKY )  
INFRASTRUCTURE AUTHORITY, )  
AND AUTHORIZATION TO DISBURSE )  
SURCHARGE PROCEEDS )**

**RESPONSE OF CANNONSBURG WATER DISTRICT  
TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

Cannonsburg Water District submits its Response to Commission Staff's First Request for Information.

Dated: May 14, 2020

Respectfully submitted,



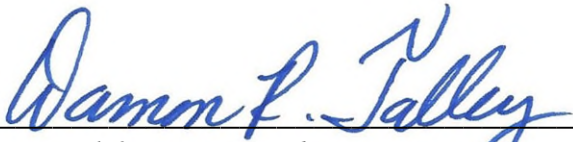
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*Counsel for Cannonsburg Water District*

### **CERTIFICATE OF SERVICE**

In accordance with 807 KAR 5:001, Section 8, I certify that Cannonsburg Water District's electronic filing of this Response 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 May 14, 2020; that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding; and that within 30 days following the end of the state of emergency announced in Executive Order 2020-215 this Response in paper medium will be delivered to the Public Service Commission.

  
\_\_\_\_\_  
*Counsel for Cannonsburg Water District*

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**RESPONSE OF**

**CANNONSBURG WATER DISTRICT**

**TO**

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

**FILED: May 14, 2020**

VERIFICATION

COMMONWEALTH OF KENTUCKY )

) SS:

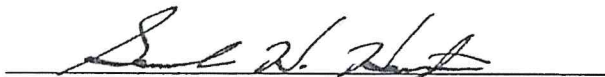
COUNTY OF BOYD )

The undersigned, Tim Webb, being duly sworn, deposes and states that he is the General Manager of Cannonsburg Water District and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



\_\_\_\_\_  
Tim Webb  
General Manager  
Cannonsburg Water District

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 14 day of May 2020.

  
\_\_\_\_\_  
(SEAL)  
Notary Public

My Commission Expires: 11/22/23

Notary ID: 635874

## **CANNONSBURG WATER DISTRICT**

### **Response to Commission Staff's First Request for Information Case No. 2020-00118**

Question No. 1

Responding Witness: Tim Webb

#### **Q-1. Refer to Application, Exhibit 19.**

- a. Provide the total number of employees engaged in monthly meter reading for Cannonsburg District.**
- b. Provide the other duties these employees perform when not reading customers' meters.**
- c. Explain whether reduced maintenance cost on the vehicle(s) is included in the estimation of the savings in this Exhibit.**
- d. Explain whether there are any additional savings that may be realized through this project that have not been discussed in the application**

- A-1.
- a. One employee reads the customers' meters.
  - b. The meter reader's other duties include the following: repairing leaks, taking water quality samples, and performing general maintenance work on the water distribution system.
  - c. No reduced maintenance cost on the vehicle used to read the customers' meters was included in calculating the estimated savings. The truck that the meter reader currently uses to read the meters will be used for other purposes.
  - d. Cannonsburg District is not aware of any additional tangible or measurable savings. Of course, if the Phase I Zone Metering Project works as planned, the Cannonsburg District will be able to isolate the water leaks to a particular zone and sub-zone. This should enable the leak to be located more quickly and repaired more quickly. As a result, Cannonsburg District's purchased water expense will be reduced. Upon

completion of the Phase I Zone Metering Project, an existing employee who spends approximately 75% of his time looking for leaks and approximately 25% of his time repairing leaks will devote 100% of his time to leak detection. The current meter reader will no longer need to read meters. Instead, he will devote more time to repairing leaks.

## CANNONSBURG WATER DISTRICT

### Response to Commission Staff's First Request for Information Case No. 2020-00118

#### Question No. 2

Responding Witness: Tim Webb

- Q-2. Refer to page 8 of the application at which Cannonsburg District explains that Phase II of its system improvement project will include the systematic replacement of the polybutylene (BlueMax) service lines, which are particularly susceptible to pinhole leaks and cracking.**
- a. Provide the total number of service lines in Cannonsburg District's system, and specify how many of those lines are BlueMax.**
  - b. Provide an itemized cost estimate for Phase II of Cannonsburg District's system improvement project.**
  - c. Estimate the impact the replacement of the BlueMax service lines will have on Cannonsburg District's water loss.**
- A-2.**
- a. Cannonsburg District has approximately 4,000 service lines in its distribution system. Approximately **1,000** of these service lines are BlueMax. This approximation is based on the dates that the service lines were installed in various parts of Cannonsburg District's distribution system and upon knowledge obtained while detecting leaks and repairing and replacing service lines throughout the distribution system.
  - b. It is premature to provide an itemized cost estimate of Phase II of Cannonsburg District's system improvement project at this time. Phase II will consist of engaging the services of an outside contractor to systematically replace the BlueMax service lines, and, in all likelihood, to replace sections of Cannonsburg District's water mains where leaks occur on a frequent basis. For planning purposes, however, Cannonsburg District estimates that each service line replacement will cost from \$1,250 to \$1,500. Thus, to replace 1,000 service lines, it will cost **approximately \$1,250,000 to \$1,500,000.**

- c. Over the past few years, approximately **95%** of all leak repairs have been to service lines. Nevertheless, it would be foolish to expect that replacing all the BlueMax service lines will reduce the unaccounted-for water loss by any amount close to 95%. Over the past few months, Cannonsburg District's unaccounted-for water loss has ranged from 285 to 295 gallons per minute. Assuming that the average service line leaks 0.2 gallons of water per minute, 1,000 service lines are leaking 200 gallons per minute or 8,640,000 gallons per month (200 gallons per minute x 60 minutes per hour x 24 hours per day x 30 days per month = 8,640,000 gallons per month). Cannonsburg District purchases all its water from Ashland. The current wholesale rate is \$2.94 per 1,000 gallons. The cost of 8,640,000 gallons is \$25,402 (8,640,000 gallons x \$2.94 per 1,000 gallons divided by 1,000 = \$25,402) per month. This represents a potential annual savings of \$304,824 (\$25,402 per month x 12 months = \$304,824) in purchased water expense. Assume, that the service line leaks are only 50% of this amount. The savings would still be over \$150,000 per year.



## CANNONSBURG WATER DISTRICT

### Response to Commission Staff's First Request for Information Case No. 2020-00118

#### Question No. 3

Responding Witness: Tim Webb

**Q-3. Confirm that the Phase II Project will not be constructed until the Phase I Project is completed and that the KIA four-year loan has been retired.**

A-3. Cannonsburg District does **not** plan to wait until the KIA four-year loan has been retired before commencing the Phase II Project. As soon as the Phase I Project is under construction, Cannonsburg District plans to work with Bell Engineering to define the scope of the Phase II Project. Then, Bell Engineering will prepare a detailed Opinion of Probable Project Cost for the Phase II Project.

Cannonsburg District currently has \$521,692, plus a small amount of accrued interest, remaining from the First Surcharge proceeds. As stated on pages 18 and 19 of the Application, Cannonsburg District plans to spend \$197,103 of the First Surcharge proceeds to pay the portion of the Phase I Project expenses that exceed the amount of the KIA Loan. This will leave approximately **\$324,589** remaining to be used for the Phase II Project. Thus, it will be necessary for Cannonsburg District to seek funding to pay for the balance of the Phase II Project. At this time, KIA funding appears to be the most advantageous option, but other funding sources will be explored.

While funding is being sought, Bell Engineering will prepare the bid specifications and other contract documents so the Phase II Project can be advertised for competitive bids once funding is secured. Once bids are in hand, Cannonsburg District will apply to the Commission for a Certificate of Public Convenience and Necessity to construct the Project and for approval to borrow the necessary funds.

**CANNONSBURG WATER DISTRICT**

**Response to Commission Staff's First Request for Information  
Case No. 2020-00118**

Question No. 4

Responding Witness: Tim Webb

- Q-4. If confirmed, provide a detailed explanation of why Cannonsburg District is postponing construction of its Phase II Project given that it has been approximately eight years since the Commission first authorized a water loss surcharge and the average annual water loss since that time is 28.29 percent [footnote omitted].**
- A-4. See response to Question 3. Cannonsburg District plans to vigorously pursue the Phase II Project in a very timely manner. Furthermore, before the Second Surcharge expires in 2023, Cannonsburg District plans to have in place a Third Surcharge in the same amount, which will commence upon the expiration of the Second Surcharge. Naturally, this will require prior Commission approval. Revenue from the Third Surcharge is one of the repayment sources under consideration for partial payment of the debt service necessary to retire the loan which will be necessary to construct the Phase II Project.