

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF CITY OF)
AUGUSTA REVISING ITS WHOLESALE) CASE NO. 2020-00277
WATER SERVICE RATES)

**REPLY TO THE CITY OF AUGUSTA’S RESPONSE TO
MOTION FOR RULING AND ESTABLISHMENT OF PROCEDURAL SCHEDULE**

Bracken County Water District (“Bracken District”) submits its Reply to the Response of the City of Augusta (“Augusta”) to the Motion for Ruling and Establishment of Procedural Schedule. Bracken District’s Motion should be granted for three (3) reasons: (1) newly discovered evidence; (2) no prejudice will result to Augusta if the Motion is granted; and (3) Bracken District has not sought to delay these proceedings.

1. Newly Discovered Evidence

Bracken District recently discovered that Augusta has represented to the Kentucky Division of Water (“KDOW”) that its cost to produce water is **\$1.84** per 1,000 gallons¹. Meanwhile, throughout this proceeding, Augusta has represented that its cost to produce water is \$2.58 per 1,000 gallons.² This is a difference of 78 cents per 1,000 gallons or **40 percent** more than the amount represented to KDOW. Augusta’s representations to KDOW regarding its cost to produce water were made in late October 2020, three months after Augusta filed notice of its proposed rate increase, during a KDOW managerial and financial assessment of Augusta’s water system. A copy of the report of this assessment is attached as Exhibit A. Bracken District obtained this report in December 2020 through a request under the Kentucky Open Records Act to KDOW.

¹ Exhibit A at 7.

² Augusta’s Response to the Commission’s Order of August 25, 2020, Item B-1 (filed Sep. 15, 2020).

There are other areas that have yet to be examined in this proceeding. There has been no examination of Augusta's payment of employee health insurance premiums, notwithstanding that one of the stated reasons for the increase is an increase in employee health insurance premiums. Nor has any review been conducted of the numerous test-period repair expenses to determine if these expenses were properly classified. Furthermore, there is a question of Augusta's maintenance practices and whether Augusta has properly maintained its physical plant to ensure that its equipment is operated in an efficient manner that does not result in unnecessary and unreasonable costs being incurred.

2. No Prejudice Will Result to Augusta

Augusta will not be prejudiced if Bracken District is permitted to intervene in this matter and a new procedural schedule is established. As of today, Augusta has placed into effect its proposed rate adjustment and is collecting, subject to refund, the proposed rates.³ It will not be deprived of any portion of the proposed rate adjustment that the Commission finds reasonable and will suffer no economic loss if a fair and thorough examination of the proposed wholesale rate is allowed.

Moreover, sufficient time exists for a comprehensive review of the proposed wholesale. Four months remain before the statutory period will run. In Case No. 2017-00417,⁴ a municipal wholesale rate case proceeding of much greater complexity, the Commission established a procedural schedule with only approximately four months remaining in the statutory review period. It was able to conduct a formal hearing and still render a timely and lengthy decision

³ See City of Augusta's Response to Bracken County Water District's Motion for Ruling and Establishment of Procedural Schedule at 8 (filed Jan. 27, 2021).

⁴ *Electronic Proposed Adjustment of the Wholesale Water Service Rates of Lebanon Water Works*, Case No. 2017-00417 (Ky. PSC filed Sep. 13, 2017). Despite the municipal utility in that proceeding filing its proposed rates on September 13, 2017, the Commission did not establish a procedural schedule until February 28, 2018. It issued its decision on July 12, 2018.

within the allotted time. Bracken District does not intend to delay this proceeding and pledges to work with Augusta and Commission Staff to ensure rapid completion of discovery in this proceeding.

3. Bracken District Has Not Sought To Delay This Proceeding

Despite its repeated assertions that Bracken District has acted in an untimely manner by requesting that the Commission act upon Bracken District's motion for intervention, Augusta fails to produce one instance in which Bracken District sought to delay this proceeding. Bracken District timely filed its motion for leave to intervene this proceeding in accordance with the Commission's Order of August 25, 2020. In contrast, Augusta took 135 days to respond to that motion and state that it had no objection to Bracken District's intervention. (The Commission's Rules of Procedure allow only seven days for such response.) Bracken District waited patiently for the Commission to act upon its motion. It made no request for a continuance or took any action to impede or delay these proceedings. Responsibility for any lack of action in this docket for the 98 days prior to Bracken District's Motion for Ruling cannot be placed at Bracken District's feet.⁵

As to Augusta's assertion that Bracken District should have participated in discovery or contested the proposed procedural schedule, Bracken District lacked standing to do so. The Commission's Rules of Procedure make clear that only a party may serve requests for information on another party. 807 KAR 5:001, Section 4(12). Until Bracken District is granted leave to intervene, it has no standing to conduct discovery. Similarly, unless it is a party, it has no standing to contest a procedural order applying to the parties to a proceeding.

As to Augusta's assertion that Bracken District should have submitted its requests for information despite the absence of an order granting Bracken District intervention in light of

⁵ Prior to the filing of Bracken District's Motion for Ruling and Establishment of Procedural Schedule, the last action to occur in this document was on October 14, 2020.

favorable statements in the Order of August 25, 2020 concerning Bracken District's interest in this proceeding, the Commission's failure to immediately rule on the Motion for Leave to Intervene and the lack of an Order in the following four months suggests the issue was not so clear in the Commission's view.

Bracken District takes issue with Augusta's suggestion that the evidentiary record is complete. One need only compare how the Commission has reviewed other municipal rate proceedings with the approach it has taken with Augusta to see that little investigation has been done. In prior proceedings that PSC required the municipal utility to file testimony to support its request for rate adjustment and to fully document its need for such increase.⁶ Those actions reflected the burden imposed by KRS 278.190 on an applicant for rate adjustment to demonstrate the need for and reasonableness of a proposed rate adjustment.

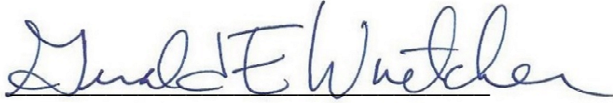
Augusta has not produced comprehensive evidence of its need for the proposed rate adjustment. It offered no supporting evidence with its notice of proposed rate adjustment. While the Commission Staff has served two limited requests for information upon Augusta concerning its proposed increase, Augusta has not been required to file any testimony or detailed and specific cost information to support its proposed rate adjustment as has been required in other Commission proceedings involving municipal rate adjustments. The procedural schedule set forth in the Order of August 25, 2020 actually shifts this burden of proof by requiring intervenors to file direct testimony regarding the proposed rate adjustment while requiring no direct testimony from Augusta in support of its proposed rate adjustment.

⁶ See, e.g., *Proposed Adjustment of the Wholesale Water Service Rates of the City of Augusta*, Case No. 2015-00039 (Ky. PSC Feb. 10, 2015).

WHEREFORE, Bracken County Water District requests the Public Service Commission promptly issue an Order granting its Motion for Leave to Intervene and establishing a procedural schedule in this matter.

Dated: February 1, 2021

Respectfully submitted,

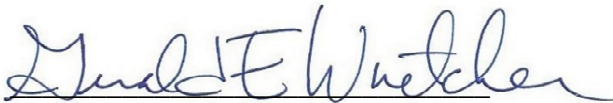


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Counsel for Bracken County Water District

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that Bracken County Water District's electronic filing of this Reply 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 February 1, 2021; 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 first announced in Executive Order 2020-215 this Response in paper medium will be delivered to the Public Service Commission.



Gerald E. Wuetcher

EXHIBIT A

KENTUCKY DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER

Drinking Water Sanitary Survey

Managerial and Financial Assessment of Surface Water & Ground Water Systems

PWS ID: **KY0120013**

Agency Interest Number: **386**

AI Name: **Augusta Regional Water System**

County: **Bracken**

Regional Office: **Florence Regional Office**

Capacity Development Inspection Date(s): **10/27/2020**

| SYSTEM CONTACT INFORMATION | | | | | |
|--|-----------|--|---|--|--|
| Full Name: Doug Padgett | | | Title: Operations Manager | | |
| Phone Number: 606-756-3305 | | FAX Number: 606-756-3258 | | E-Mail Address: dpadgett@augustaky.com | |
| Mailing Address: PO Box 85 | | | City: Augusta | | State: KY |
| Physical Address of Office: 203 Ferry Street | | | Zip Code: 41002 | | |
| WATER TREATMENT PLANT INFORMATION | | | | | |
| Plant Contact Person: Susan Butts | | | Title: WTP Supervisor | | Phone Number: 606-756-3305 |
| Physical Street Address: 203 Ferry Street | | | City: Augusta | | |
| Plant Type: C (community) | | Plant Class: III (500,000-3,000,000 gpd) | | Plant Capacity: 1.728 MGD 1,200 GPM | |
| DISTRIBUTION SYSTEM INFORMATION | | | | | |
| Distribution Contact Person: Darian Blevins | | | Title: Maintenance Supervisor | | Phone Number: 606-756-2182 |
| Distribution Class: IID-Pop. 1500-15,000 | | | System Service Connections (meters): 571 | | |
| System Population Served Calculated: 1,536 | | | System Population Served Reported: 1,536 | | |
| Meters Served Outside Your System: 2,779 | | | Consecutive Systems Population Served Calculated: 7,474 | | |
| WATER PURCHASED, SOLD, & EMERGENCY CONNECTIONS | | | | | |
| WATER PURCHASED FROM: <input checked="" type="checkbox"/> Not Applicable | | | Number of Master Meters | Amount Monthly (average) | Amount Available by Contract (monthly) |
| SYSTEM NAME | PWS ID # | AI # | | | |
| | | | | | |
| | | | | | |
| WATER SOLD TO: <input type="checkbox"/> Not Applicable | | | Number of Master Meters | Amount Monthly (average) | Amount Available by Contract (monthly) |
| SYSTEM NAME | PWS ID # | AI # | | | |
| Bracken Co Water District | KY0120039 | 33805 | 1 | 13,271,559 | 6,500,000 (Min) |
| | | | | | |
| | | | | | |
| COMMENTS: This survey was conducted via phone and email due to the Coronavirus Pandemic with the following participants: Doug Padgett and Susan Butts | | | | | |

I. OPERATOR COMPLIANCE

| Are operators cross-trained (by shift, by plant, with distribution, with maintenance, etc)? | | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
|---|------------------------------|---|--|------------------------------|
| Do you have contingency plans for replacing retiring system personnel? | | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| Who provides training/technical assistance for license renewal? (✓ all that apply): <input checked="" type="checkbox"/> AWWA <input checked="" type="checkbox"/> DCA <input checked="" type="checkbox"/> DOW <input checked="" type="checkbox"/> KRWA <input type="checkbox"/> KWWOA <input checked="" type="checkbox"/> RCAP <input checked="" type="checkbox"/> Other <u>Buffalo Trace ADD</u> | | | | |
| What type of training is typically obtained? (✓ all that apply): <input checked="" type="checkbox"/> REGULATIONS <input checked="" type="checkbox"/> SAFETY <input type="checkbox"/> UMI <input checked="" type="checkbox"/> WATER QUALITY | | | | |
| Does the system pay for registration, lodging and meals? | | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Does the system allow operators to attend training on company time? | | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| | <u>Water Treatment Plant</u> | <u>Distribution System</u> | | |
| Length of each shift: | <u>12</u> hours | <u>8</u> hours | | |
| Number of operators per shift: | <u>1</u> | <u>1</u> | | |
| How are weekends covered? | <u>Scheduled Operator</u> | <u>On-Call</u> | | |
| How are holidays covered? | <u>Regular Schedule</u> | <u>On-Call</u> | | |
| Do operators leave the water plant property while the plant is producing water? | | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| How long are the operators typically away from the plant? <u>15 - 30 Minutes on Weekends</u> | | | | |
| What duties are they performing when they are away from the plant? <u>System Related Duties</u> | | | | |
| OPERATOR CERTIFICATION | | | | |
| LICENSEE NAME | LICENSEE AI # | LICENSE ID | LICENSE TYPE | |
| Blevins, Darian L. | 31125 | 17227 | DW Distribution IID | |
| Butts, Susan E. | 26803 | 405 | DW Treatment IVA | |
| | 26803 | 16888 | DW Distribution IIID | |
| Olson, John R. | 84739 | 20310 | DW Treatment IIIA | |
| | 84739 | 27291 | DW Distribution ID | |
| Padgett, Doug W. | 128116 | 30201 | DW Treatment IIIA | |
| Litzinger, Lowell D. | 130572 | 31696 | DW Treatment IIA | |
| | | | | |
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| | | | | |
| Is the system staffed with appropriately certified operators? (Verify certification with DCA.) | | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| COMMENTS: Consider the following: Cross-training operators between the plant, distribution, and maintenance; Developing contingency plans for replacing retiring system personnel | | | | |

II. MONITORING, REPORTING & DATA VERIFICATION

(Part A must be completed for all water systems. Part B must be completed for groundwater systems only.)

| PART A (Complete for all water systems.) | | |
|---|-------------------------|--|
| REPORTING ITEM – Information gathered from DWW | RETENTION TIME | |
| <i>Bacteriological</i> – <u>2</u> per month (See DWW) | 5 Years | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| <i>Chlorine/Chloramines</i> – Free chlorine monthly with BACTs, daily for MORs, residual chlorine monthly | 10 Years | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| <i>C-T Profiling Data</i> | See if doing/min 1 year | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |
| <i>Individual Filter Turbidity Data</i> (Other than MOR) | 3 Years | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| <i>MORs</i> – Monthly (Turbidity Analysis) | 1 Year | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| <i>Lead & Copper</i> – <u>10</u> every 3 years (June to September) | 12 Years | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| <i>Nitrate</i> – Annually | 10 Years | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| <i>Nitrite</i> – 1 sample in the 1 st 3 years of the 9 year compliance cycle | 10 Years | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| <i>Secondary/Corrosivity</i> – Annually | 10 Years | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| <i>Sodium</i> – annually; can be with SECs | 10 Years | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| <i>IOCs</i> (Inorganic Chemicals) – Annually | 10 Years | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| <i>SOCs</i> (Synthetic Organic Compounds) – >3300, 2 quarterly samples in 12 consecutive months in 3 years. | 10 Years | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| <i>VOCs</i> (Volatile Organic Chemicals) – Annually | 10 Years | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| <i>TOCs</i> (Total Organic Carbon) – Monthly, Raw TOC/Alkalinity & CFE TOC | 10 Years | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |
| <i>TTHM & HAA5</i> <u>1</u> per <u>Year</u> (see DWW) | 10 Years | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| <i>Asbestos</i> – 1 sample in the 1 st 3 years of the 9 year compliance cycle (SOC) *Check for Waiver (only purchasers can have waiver)* | Begin 2011/2013 | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| <i>RADs</i> (Radionuclides) – Every 6 years | See if conducting | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| <i>LT2 Cryptosporidium and E.coli Plan</i> – 3 years after bin classification (see rule - first one is April 2009) | 3 Years | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |
| <i>LT2 Source Water Monitoring Avoidance</i> | 3 Years | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |
| <i>LT2 Toolbox Treatment Monitoring Results</i> | 3 Years | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |
| <i>Stage 2 IDSE Sampling Plan or 40/30 Certification</i> | 10 years | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |
| <i>Stage 2 IDSE Report</i> | 10 years | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |
| <i>Bromate</i> (Only used on systems treating with Ozone) | 10 Years | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |
| <i>Chlorine Dioxide</i> | 10 Years | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |
| <i>Chlorite</i> (Only used on systems treating with Chlorine Dioxide) | 10 Years | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |
| <i>Dioxin</i> – w/SOCs if required *Check for Waiver* | 10 Years | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |
| <i>Data Summaries</i> (if actual data not retained) | 12 Years | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |
| <i>NOVs</i> (Notices of Violation) | 10 Years | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| <i>Sanitary Surveys</i> (every 3 years) | 10 Years | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| <i>CCR</i> (Consumer Confidence Report) – Annually by July 1 (by April 1 to consecutive systems) | Current one on file | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| Does the system maintain a current sampling plan for BacTs? | Date updated 2015 | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| Does the system maintain a current sampling plan for LCR? | Date updated 2015 | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| Does the system maintain a current sampling plan for DBPs? | Date updated 2015 | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |

| | | |
|--|--------------------------------------|---|
| <p>Does the system have an up-to-date map of distribution assets? (Map shall show a minimum of all line sizes, cutoff valves, fire hydrants, flush hydrants, tanks, booster pumps, chlorination stations, connections to emergency or alternative sources, wholesale customer master meters, & the type of piping material in the distribution system and its location.)</p> | <p>Date updated 2017 (BTADD)</p> | <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p> |
|--|--------------------------------------|---|

| <p align="center">PART B (Complete for groundwater systems only.) <input type="checkbox"/> Not Applicable</p> | | |
|---|--------------------------------|--|
| GWR Corrective Action | 10 years | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |
| GWR Public Notices | 3 years | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |
| GWR Fecal-positive invalidation | 5 years | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |
| GWR State-specified minimum disinfectant residual (letter from CTAB) | 10 years | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| <p>GWR Lowest daily disinfectant residual level (submitted with MOR) What method is used to record this? (i.e. SCADA, chart recorders, download to CD)</p> | 5 years Daily Log Sheet | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| GWR Date and duration of time less than minimum daily disinfectant residual level | 5 years | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |
| GWR Records of state-specific compliance requirements for membrane filtration and alternative treatment | 5 years | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> |

| | |
|--|---|
| <p>Does the system maintain compliance records as required? (answer for both Parts A & B)</p> | <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p> |
| <p>COMMENTS:</p> | |

III. MANAGEMENT & OPERATIONS

| | | |
|---|--|--|
| <p>What professional organizations does the water system belong to? <u>KRWA; RCAP; KLC</u></p> | | |
| Is the system subject to Public Service Commission regulations? | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A <input type="checkbox"/> | |
| Does the system attend Water Management Council meetings of the Area Development District? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | |
| Does the system have a governing entity? If not, explain: <u>Mayor/City Council</u> | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | |
| <p>What is the name of the system's MAYOR? <u>Michael Taylor</u></p> | | |
| <p>What is his or her mailing address? <u>Same as System</u></p> | | |
| <p>How often does the governing body meet? <u>Monthly</u></p> | | |
| Do operators attend these meetings? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | |
| <p>Is the governing entity provided with documented information regarding technical, managerial, and financial operations of the water system? (Inspect)</p> | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | |
| Is the governing entity familiar with water treatment/distribution? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | |
| Does the system offer continuing education opportunities for members of the governing entity? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | |
| Does the governing entity visit the water plant? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | |
| <p>How often? <u>OTHER (Occasionally)</u></p> | | |

| | | | |
|--|---|--|---|
| Does the system have regular staff meetings? How often? <u>Weekly (Tuesday Mornings)</u> Who is involved? <u>All Employees</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Does the system have a documented strategic plan (mission statement, goals and objectives)? (Inspect) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Does the system have a defined organizational structure? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Does the system have a documented description of each job classification with minimum position qualifications? (Inspect) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Does the system have documented policies and procedures governing human resource management (such as an employee handbook)? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Does the system periodically review its insurance coverage is in place for liability, property, automobiles, directors, and officers? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Does the system have a documented policy for delegation of authority such as signing agreements, contracts, resolutions, easements, etc.? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Does the system have a documented procurement policy for purchasing supplies? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Does the system have professional services available under a current contract, retainer, or other similar arrangement for engineering, accounting, and legal counsel? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Does the system have an asset management program? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| Does the system have a documented preventive maintenance program? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Does the system have a capital improvement plan? (Inspect) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| How many years does the plan cover? <u>As Needed/Funds Become Available</u> | | | |
| Does the system have a documented policy governing water main extensions? (Inspect) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Are chemicals inventoried? If so, how? <u>Daily; Running Inventory; Replaced as Used</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Are distribution materials inventoried? If so, how? <u>Stored in proper location; Keep Minimum on Hand</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Is there a bid process for chemicals, pipe, or large item purchases? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Does the system have rules and regulations governing the provision of service? (Inspect) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Does the system make available in a public place the rules, rates, and regulations? (Inspect) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Does the system provide 24-hour service response for customers? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Does the system notify customers prior to performing scheduled maintenance? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Does the system log customer complaints and track resolution? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Does the system provide any educational activities to the public? Who is responsible for providing this? <u>System Staff</u> What types of educational activities are done? <u>Tours and School Presentations</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Does the system have sufficient O & M manuals? (Inspect) (O & M manuals shall include: a detailed design of the plant, daily operating procedures, a schedule of testing requirements designating who is responsible for the tests, and safety procedures for operation of the facility – including storage and inventory requirements for materials and supplies.) How are the operators made aware of O & M procedures? _____ | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| Has the system received any NOVs for MCLs in the last 3 years? If yes, answer the following: | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| If more than one NOV, were any for the same contaminant? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| Was a public notice issued when required? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

What remedial measures did the system take to prevent future occurrences of these violations?

Does the system maintain a log of all breaks or ruptures per 401 KAR 8:150, Section 4? (Inspect) Yes No N/A

Is the system operating at or above 85% of its Rated Design Capacity or using at or above 85% of water available through purchase contracts? (see COW) Yes No N/A
Plant is currently operating at 91.6% (gpm) and 43.6% (gpd) of its Rated Design Capacity.

If system's average daily demand (including volume of water specified through contracts) exceeds 85% of total available capacity (including both plant capacity and water available through purchase contracts), does system have a plan for obtaining additional capacity, including cost and timeframes to address the needed additional capacity? Yes No N/A
If applicable, describe plan for obtaining additional capacity: Potential to backfeed from Bracken CWD

COMMENTS: *System should maintain an O&M Manual per 401 KAR 8:020, Section 3 (12). Expand the Distribution portion of the O&M Manual to include the following items: Distribution system description; Creating a Boil Water and Consumer Advisory procedure; Daily Operating Procedures;
*Ensuring all required information is recorded in the linebreak log per 401 KAR 8:150, Section 4(2)(h).
Consider the following: Continuing to develop the asset management program; Ranking the capital improvement plan items in order of priority; Attaching a page to track updates/revisions to the O&M manual

IV. FINANCIAL

Does the system prepare an annual operating budget? (Provide summary) Yes No N/A

Does the system prepare an annual capital budget? (Inspect) Yes No N/A
Who prepares the budget? Mayor; City Clerk

Do the operators have input into the budget? Yes No N/A

Are training and license funds built into the budget? Yes No N/A

Does the governing entity review and approve the budget? Yes No N/A

Does the system prepare regular monthly reports to show variances between budgeted and actual revenue and expenses? (Inspect) Yes No N/A

Does the system maintain its financial records utilizing the Kentucky Uniform System of Accounting or a comparable system? (Inspect) Yes No N/A

Are financial statements audited by a CPA as required? (Inspect) Yes No N/A
(Water districts, special districts – i.e. regional water commissions and cities have specific requirements.)
Yes No N/A
If audit is completed, does the governing entity receive and review the audit report?

Does the system employ a method for depreciation of system assets? Yes No N/A

Is the system operating at a retained earnings surplus? Yes No N/A
(Retained earnings is the net income that is available at the end of the year and available for transfer.)

Is the current debt-to-equity ratio below 1.0? Yes No N/A
(The debt-to equity ratio for any given year is computed by dividing total liabilities by total equity.)

Does the water system meet a debt coverage ratio needed for bond ordinances, loan agreements, and bond requirements? A typical value is 1.2. Yes No N/A
(Debt coverage ratio is computed by dividing cash available for debt service (net income with annual interest, depreciation, amortization, and other non-cash items added back) by debt service requirements for the year.)

Does the water system revenue go to meet other expenses (i.e. electric, sewer or garbage)? Yes No N/A

Is there a documented policy for delinquent accounts? Yes No N/A

| | | |
|--|---|---|
| What is it? <u>Per City Ordinance</u> | | |
| For accounts payable, has the system kept payments less than 45 days past due over the last 12 months? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> N/A <input type="checkbox"/> |
| Does the system write-off bad debt annually? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> N/A <input type="checkbox"/> |
| Where does the system typically go for financial assistance? <u>USDA RD; KRWAFC; KIA</u> | | |
| Does the system have any long-term debts? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> N/A <input type="checkbox"/> |
| Is the system current on all debt service payments (if applicable)? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> N/A <input type="checkbox"/> |
| Is the system meeting reserve account requirements (if applicable)? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> N/A <input type="checkbox"/> |
| Is there an approved* rate structure in place? (Provide copy of rate sheet.) (*Approved by governing entity/PSC as applicable.) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> N/A <input type="checkbox"/> |
| What are the dates of the system's last 2 rate increases? <u>2020; 2018</u> | | |
| Does the system perform a review annually to determine if the rates fully cover the expenses? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> N/A <input type="checkbox"/> |
| Are long-term needs built into rate increases? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> N/A <input type="checkbox"/> |
| Do rates promote conservation in time of drought? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> N/A <input type="checkbox"/> |
| COST OF WATER PRODUCED, PURCHASED AND SOLD | | |
| Does the system calculate the cost to produce water? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> N/A <input type="checkbox"/> |
| Producers | How much does it cost your system to produce 1,000 gallons of water? | <u>\$1.84</u> N/A <input type="checkbox"/> |
| Purchasers | What is the highest wholesale price you pay per 1,000 gallons of water? | \$_____ N/A <input checked="" type="checkbox"/> |
| | What is the lowest wholesale price you pay per 1,000 gallons of water? | \$_____ N/A <input checked="" type="checkbox"/> |
| Sellers | What is your highest wholesale price which you charge per 1,000 gallons of water? | <u>\$2.35</u> N/A <input type="checkbox"/> |
| | What is your lowest wholesale price which you charge per 1,000 gallons of water? | <u>\$2.35</u> N/A <input type="checkbox"/> |
| WATER LOSS | | |
| Does the system track water loss on a monthly basis? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> N/A <input type="checkbox"/> |
| Report water loss for the past year as a percentage of total water produced/purchased in gallons and as a dollar value (use \$1.50 as an example if cost to produce water is unknown). | <u>12.10%</u> <u>31,523,000</u> gallons <u>\$~58,002</u> | |
| If water loss is above 15%, does the system have a plan to address this? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> N/A <input type="checkbox"/> |
| If yes, describe plan to address water loss: <u>Master Meter Calibration; Meter Replacement</u> | | |
| COMMENTS: Consider the following: Preparing an annual capital budget; Ensuring that operators have input into the budget process; Meeting all reserve account requirements; Ensuring the system's long-term needs are built into the rate increases *Per the FY2019 Audit: The city is diligently working to meet their reserve account requirements in FY2020 | | |

V. SECURITY

| | | |
|---|---|--|
| Does the system have a documented safety policy? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> N/A <input type="checkbox"/> |
| Does the system provide regular safety training to its employees? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> N/A <input type="checkbox"/> |
| Is the utility a member of the Local Emergency Planning Committee? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> N/A <input type="checkbox"/> |
| Does the system have an updated Emergency Response Plan that is reviewed annually? (Inspect) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> N/A <input type="checkbox"/> |
| Does the emergency response plan include a plan for responding to water shortages and loss of | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> N/A <input type="checkbox"/> |

| | | | |
|---|---|--|---|
| service? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| Is the Emergency Response Plan exercised? | | | |
| How is the Emergency Response Plan communicated to all employees? <u>Used as Reference; Local EMA Coordinator</u> | | | |
| Are there safeguards on water plant operations when operators may be doing work outside on the plant grounds? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| What types of safeguards? <u>Gates; Locks</u> | | | |
| Does the plant ever disable the telemetry/SCADA system and run on manual? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Has the system developed procedures for securing computer/SCADA usage? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| Are backup copies of O & M manuals maintained in a location other than the water plant? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| Is the raw water, treatment, distribution, and purchased water source equipped with emergency standby power generation or is there a secondary source of power? (e.g. contracts in place with suppliers for emergency generators or dual electrical feed) | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| Are backup emergency generators exercised regularly? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| Is other backup equipment exercised regularly? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| Have arrangements been made with outside contractors, other utilities, etc. to provide needed emergency equipment? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| If the system has an inactive water plant, is the plant exercised to maintain preparedness for emergencies? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| How often? _____ | | | |
| How is the plant disinfected prior to bringing it back on line? _____ | | | |
| Is equipment shared with the wastewater plant? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| If so, how is the equipment disinfected prior to use at the water plant? _____ | | | |
| COMMENTS: Consider the following: Maintaining a backup copy of the O&M manual in a location other than the water plant; Acquiring a source of backup power generation | | | |
| *System has the ability to view Bracken Co Water District's SCADA system | | | |

| DOCUMENTATION (✓ all that apply) |
|--|
| <input checked="" type="checkbox"/> Photographs obtained by DEP <input checked="" type="checkbox"/> Copies of records obtained by DEP <input type="checkbox"/> Other documentation |

| OVERALL COMPLIANCE STATUS | | | |
|--|-----------------------------------|-----------------------------------|------------------|
| <input type="checkbox"/> No Violations Observed | | | |
| <input type="checkbox"/> No Violations Observed – Advisory Action Taken (impending trends) | | | |
| <input checked="" type="checkbox"/> Out of Compliance – Verbal Notice Given (non-recurrent deficiency noted or violation corrected at time of inspection) | | | |
| | | | |
| <table style="width:100%; border: none;"> <tr> <td style="width:33%; border: none;">CDPM: Ryan Reed</td> <td style="width:33%; border: none;">Title: Environmental Scientist IV</td> <td style="width:33%; border: none;">Date: 11/18/2020</td> </tr> </table> | CDPM: Ryan Reed | Title: Environmental Scientist IV | Date: 11/18/2020 |
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