



## BRIAN CUMBO

ATTORNEY AT LAW

86 W. Main St., Suite 100  
P.O. Box 1844  
Inez, KY 41224  
(606) 298-0428  
FAX: (606) 298-0316  
cumbolaw@cumbolaw.com

ADMITTED IN KY AND WV

October 19, 2021

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

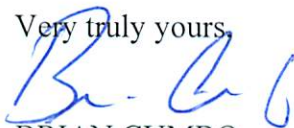
RE: Martin County Water District  
PSC Case No. 2021-00154

To Whom It May Concern:

Enclosed please find Brief on Behalf of Martin County Water District regarding the above matter.

Thank you for your attention to this matter.

Very truly yours,



BRIAN CUMBO

BC/ld

Enclosure

cc: Martin County Water District  
Hon. Mary Varson Cromer

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

CASE NO. 2021-00154

**BRIEF ON BEHALF OF MARTIN  
COUNTY WATER DISTRICT**

\*\*\*\*\*

Comes the Martin County Water District (hereinafter “District”), by counsel, and for its’ Brief in support of its Application for Rate Adjustment (hereinafter “Application”), states as follows:

The current rates for the Martin County Water District are insufficient to maintain services and fulfill the obligations of the District, as demonstrated in the District’s Application, with attachments, and the testimony heard on May 27, 2021, and September 24, 2021. (Attachment 1 to the Application sets forth the current monthly minimum of \$33.32. The District requests an increase of that minimum equal to 12%, or \$4.00.) Specifically, Tony Sneed, the operations director for Alliance Water Resources, and the exhibits to his testimony which have been admitted, succinctly demonstrate that an increase is necessary (Testimony of T.S. at the May 27, 2021 hearing beginning at 13:04:32; Testimony of T.S. at the September 24, 2021 hearing beginning at 1:12:02; See also the District’s Application for Rate Adjustment with attachments, as well as Martin District exhibits 1, 2, and 3 to the September 24, 2021 hearing.)

The District has provided reliable, audited data for 2020 (attachment 4(e) to the District’s Application). The data and exhibits demonstrate a monthly cash flow shortage of, on average,

\$50,000.00. The debt service surcharge cannot be used as intended, due to the revenue shortfall, and the aging of the vendor accounts payable continues.

The District is behind in its payments to Alliance \$354,000.00 (Testimony of Jimmy Kerr at the September 24, 2021 hearing beginning at 9:17:11).

The rate adjustment is also necessary in order for the District to meet the legal requirements in its existing debt instruments, specifically the 1.2 debt coverage ratio required by the KRWFC Bond Agreement (attachment 8(b) to the Application).

The importance of creditors seeing that the District has sufficient revenue to meet expenses cannot be overstated. Eliminating shortfalls in revenue will bring financial stability to the District, which will benefit the ratepayers, and permit the District to continue providing safe, reliable, and compliant drinking water, while operating like an ongoing business concern.

The District also believes in the professional management of Alliance Water Resources. Alliance has partnered with the District beginning January 1, 2020. Mr. Kerr, chairman of the Martin County Water District, testified on May 27, 2021 as to their work as follows, beginning at 5:45:42:

I've said it many times and I think Chairman Schmitt has said it many times, that one person could not have come in here and really shouldered the burden of what has been done and has to be done in the future. That it really was going to take a team of people. And that's what we got with Alliance.

From Craig, Tony, and Tim, to the other divisions of Alliance, the men and women who have been in and out of this system since January and really worked hard to make it better. And it is clearly better. It is unrecognizable as a business from the day that John Paul and I came onto the board to now. It is much better managed. We do have accurate data. The board has good information to look at and can make decisions on. Any so they have shown me what is possible for the Martin County Water District. And I don't know that I always believed that it was the case that we could fix this. I know I wanted to believe it, but I'm not sure that I really believed, and I do now. I believe it's going to take a while. A lot of hard work ahead. A lot of money needed, a lot of infrastructure work that needs to be done, but I've seen glimpses of what is possible.

Craig Miller's testimony at the May 27, 2021 hearing describes the condition of the District, and the efforts by Alliance to address the many issues facing the District, including a water loss program. (Testimony of Craig Miller at May 27, 2021 hearing beginning at 09:17:25).

Alliance brings significant cost savings to the District. The District expenses in 2019, before Alliance, were greater than in 2020, with Alliance. (Testimony of Tony Sneed beginning at 13:11:28 of May 27, 2021 hearing).

The District further recognizes that affordability is an issue. The District requested the minimum rate increase necessary, and which does not fund depreciation (Testimony of T.S. beginning at 13:18:00). The proposed rate adjustment would generate estimated additional annual revenue of \$250,834.00, which will enable the District to operate like a business, and meet its' statutory funding requirements.

Like any other business, if the District cannot meet its' financial obligations, it will ultimately fail.

Wherefore, the District requests the appropriate Orders of the Commission.



BRIAN CUMBO  
COUNSEL FOR MARTIN COUNTY  
WATER DISTRICT  
P.O. BOX 1844  
INEZ, KY 41224  
TELEPHONE: (606) 298-0428  
TELECOPIER: (606) 298-0316  
EMAIL: [cumbolaw@cumbolaw.com](mailto:cumbolaw@cumbolaw.com)

**CERTIFICATE OF SERVICE**

This will certify that a true and correct copy of the foregoing was served via electronic filing on this the 19 day of October, 2021, to the following:

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

Hon. Mary Varson Cromer  
Appalachian Citizens' Law Center, Inc.  
317 Main Street  
Whitesburg, KY 41858



\_\_\_\_\_  
BRIAN CUMBO