



Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
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David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

February 13, 2012

Ms. Carryn Lee  
Lee Utility Consulting  
900 Argyll Drive  
Danville, Kentucky 40422

Mr. Robert M. McGuire  
Cannonsburg Water District  
P. O. Box 1535  
Ashland, Kentucky 41105

Sharon E. Rowsey, Esq.  
Wilson, Stavros & Rowsey  
P. O. Box 807  
Ashland, Kentucky 41105-0807

Re: Case No. 2011-00217  
Cannonsburg Water District

Ladies and Mr. McGuire:

On August 15, 2011, Cannonsburg Water District provided the enclosed documents to Commission Staff. These documents, however, were not filed in the case record. By this letter, the enclosed documents have been placed in the case record. Any objections to this action should be submitted to the Commission within five days of receipt of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

gw  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF CANNONSBURG WATER	)	
DISTRICT FOR (1) APPROVAL OF EMERGENCY	)	CASE NO. 2011-00217
RATE RELIEF AND (2) APPROVAL OF THE	)	
INCREASE IN NONRECURRING CHARGES	)	

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WITNESS LIST

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Comes now Cannonsburg Water District, by Counsel, and hereby submits the following

Witness List:

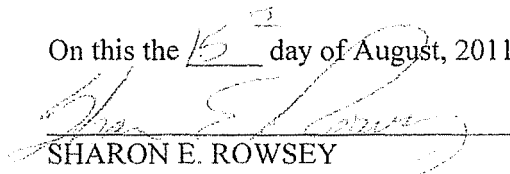
1. Danny Clarkston
2. Sharon Hambrick
3. Karen Lee

\*A copy of the Testimony Documentation is attached along with a list of WX Numbers.

I hereby certify that a true and correct copy of the foregoing, list was faxed to the following:

Jerry Weutcher  
Public Service Commission  
Fax: 1-502-564-7279

On this the 15<sup>th</sup> day of August, 2011.



SHARON E. ROWSEY

**KIA Grant Documentation**

Received \$351,230.00 in 2010

Project # WX21019036 \$150,000 Project completed and fully funded  
Interconnect with the City of Greenup at two locations in Greenup Co.

Project # WX21019031 \$250,000 Project completed and fully funded  
Refurbish Paul Coffee Industrial Park Water Tank.

**Income Statements Jan – June 2011**

Jan is not an accurate statement due to accounts payable and audit for 2010.  
We do not have one for July 2010 yet.

**Current and Future bills**

As of 8/15/11, the District has a total of \$144,155.04 invoices and payroll and payroll taxes due by the end of August. Of this \$144,155.04, a total of \$111,891 will be due by the 20<sup>th</sup> of the month. As of 8/15/11 our bank balance in Operation & Maintenance is \$123,002.53. We will have more invoices coming in each day till the end of the month.

**District has borrowed money to make payments**

In order to pay the City of Ashland's water bill in July, the District took a \$45,000.00 loan with payments of \$1,397.08 due the 20<sup>th</sup> of each month.

**How is the District paying its bills?**

The District is holding the bills as long as they can before paying if they are able to do so.

This District has made arrangements with the City of Ashland for an extension on paying the water bill. Recently the City of Ashland changed its due date from the 20<sup>th</sup> of each month to the 5<sup>th</sup> of the month. We negotiated with them to let us continue with the due date of the 20<sup>th</sup> for the next 5

months. They are aware that we are trying for a rate increase and need time to recoup in order to pay them by the 5<sup>th</sup> of each month.

### **Layoffs**

The District at this time will not lay off any employees due to the workload of the District. If the District lays off any employees, it would place the District in a situation of not being able to keep up with the work load and respond to the customer's needs in a timely manner. Since most field employees work some overtime, if an employee was laid off then the other employees would have to work additional overtime to cover that employee duties. In other words the District is operating with as few employees as possible now and can't afford to lay someone off or cut back hours.

### **Water Line Loss**

The District's water loss reports do not show any 20% water loss that during the conference call was mentioned. The PSC inspection report for 2008 water loss was 6.21% and 2009 the water loss was 3.39%. Our annual report for water loss in 2010 was 4.3049%.



### Drinking Water Project Profile

Project Number:	<b>WX21019036</b>	Submitted By:	<b>FIVCO</b>
Funding Status:	<b>Fully Funded</b>	Primary County:	<b>GREENUP</b>
Project Status:	<b>Approved</b>	Planning Unit:	<b>GREENUP</b>
Project Schedule:	<b>0-2 Years</b>	Multi-County Project:	<b>No</b>
Legal Applicant:	<b>CANNONSBURG WATER DISTRICT</b>	ECH Status:	<b>ENDORSE WITH CONDITION</b>
Entity Type:	<b>WATER DISTRICT (KRS 74)</b>	ECH SAI:	<b>KY200906181205</b>
Date Approved (AWMPC):	<b>3/12/2008</b>		

**Project Title** CANNONSBURG WD: INTERCONNECT WITH GREENUP WATER AND LINE EXTENS

**Project Description** INTERCONNECT WITH THE CITY OF GREENUP AT TWO LOCATIONS IN GREENUP COUNTY. PROJECT WILL RUN INTERCONNECTS ALONG RT 503 AND LOGTOWN RD, AND EXTEND NEW SERVICE ALONG SARK RD. ESTIMATED COST OF \$150,000 AMENDED 12-04-2009 ADDITION TO PROJECT TO REPLACE 800 LF OF EXISTING 8 INCH WATERLINE ON CANNONSBURG RD./KY 3294. ADDITION WILL UTILIZE REMAINING PROJECT FUNDS.

**Regulatory Framework Relevance Statement:**  
 Briefly describe how this project promotes public health or achieves and/or maintains compliance with the Clean Water Act or Safe Drinking Water Act:

**PROJECT WILL INCREASE PRESSURE IN THE AFFECTED AREA.**

- Alternate A  
**DO NOTHING**
- Alternate B:  
**DO NOTHING**
- Alternate C:  
**DO NOTHING**



**Drinking Water Project Profile**  
WX21019036 - CANNONSBURG WATER DISTRICT

**Project Cost Classification:**

Administrative Exp.:  
 Legal Exp.:  
 Land, Appraisals, Easements:  
 Relocation Exp. & Payments:  
 Planning:  
 Engineering Fees - Design:  
 Engineering Fees - Construction:  
 Engineering Fees - Inspection:  
 Engineering Fees - Other:  
 Construction: **\$150,000**  
 Equipment:  
 Miscellaneous:  
 Contingencies:  
**Total Project Cost: \$150,000**

**Construction Cost Categories:**

Treatment:  
 Transmission & Distribution:  
 Source:  
 Storage:  
 Purchase of Systems:  
 Restructuring:  
 Land Acquisition:  
 Non-Catagorized: **\$150,000**  
**Total Construction: \$150,000**  
  
**Total Sustainable/Green Infrastructure Costs: \$0**

**Project Funding Sources:**

Total Project Cost **\$150,000**  
 Total Committed Funding **\$150,000**  
 Funding Gap: **\$0 (Fully Funded)**  
 This project will be requesting SRF funding for Federal FY 2012.

**Detailed Project Schedule:**

Env. Review Document Date:  
 Cons. Permit App. Date:  
 Est. Bid Date:  
 Est. Cons. Start Date:

Funding Source	Amount	Funding Status	Applicable Date
HB 380 Coal Grant	\$150,000	Committed	7/1/2007
<b>Total:</b>	<b>\$150,000</b>		



### Drinking Water Project Profile

Project Number:	WX21019031	Submitted By:	FIVCO
Funding Status:	Fully Funded	Primary County:	BOYD
Project Status:	Approved	Planning Unit:	BOYD
Project Schedule:	0-2 Years	Multi-County Project:	No
Legal Applicant:	CANNONSBURG WATER DISTRICT	ECH Status:	ENDORSE WITH CONDITION
Entity Type:	WATER DISTRICT (KRS 74)	ECH SAI:	KY200903230487
Date Approved (AWMPC):	6/20/2007		

Project Title: CANNONSBURG: REFURBISH PAUL COFFEE WATER TANK / SYSTEM IMPROVEM

Project Description: REFURBISH PAUL COFFEE INDUSTRIAL PARK WATER TANK: PROJECT MUST CLEAN AND PAINT CANNONSBURG'S 1,000,000 WATER TANK, INSTALL GUARD RAILS AND AN ESCAPE HATCH TO MEET OSHA STANDARDS. PROJECT WILL ALSO INCLUDE PURCHASE OF NEW METERS AND EQUIPMENT AS FUNDS ALLOW. ESTIMATED COST OF PROJECT IS \$250,000

Regulatory Framework Relevance Statement:  
 Briefly describe how this project promotes public health or achieves and/or maintains compliance with the Clean Water Act or Safe Drinking Water Act:  
**THE WATER TANK IS REQUIRED FOR DISTRIBUTION OF POTABLE WATER.**

- Alternate A:  
DO NOTHING
- Alternate B:  
DO NOTHING
- Alternate C:  
DO NOTHING



**Drinking Water Project Profile**  
WX21019031 - CANNONSBURG WATER DISTRICT

**Project Cost Classification:**

Administrative Exp.:  
 Legal Exp.:  
 Land, Appraisals, Easements:  
 Relocation Exp & Payments:  
 Planning:  
 Engineering Fees - Design:  
 Engineering Fees - Construction:  
 Engineering Fees - Inspection:  
 Engineering Fees - Other:  
 Construction: **\$250,000**  
 Equipment:  
 Miscellaneous:  
 Contingencies:  
**Total Project Cost: \$250,000**

**Construction Cost Categories:**

Treatment:  
 Transmission & Distribution:  
 Source:  
 Storage:  
 Purchase of Systems:  
 Restructuring:  
 Land Acquisition:  
 Non-Catagorized: **\$250,000**  
**Total Construction: \$250,000**  
  
**Total Sustainable/Green Infrastructure Costs: \$0**

**Project Funding Sources:**

Total Project Cost: **\$250,000**  
 Total Committed Funding: **\$250,000**  
 Funding Gap: **\$0 (Fully Funded)**

This project will be requesting SRF funding for Federal FY 2012

**Detailed Project Schedule:**

Env. Review Document Date:  
 Cons. Permit App. Date:  
 Est. Bid Date:  
 Est. Cons. Start Date:

Funding Source	Amount	Funding Status	Applicable Date
HB 608 Coal Grant	\$250,000	Committed	7/1/2008
<b>Total:</b>	<b>\$250,000</b>		



Cannonsburg Water District  
Statement of Cash Flows  
Proprietary Fund Type  
December 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating revenues	\$ 2,076,670
Cash paid to employees	(412,103)
Cash paid for general and administrative expenses	<u>(1,665,396)</u>
Net Cash provided by operating activities	<u>(829)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest earned	16,376
Customer deposits	<u>1,440</u>
Net Cash provided by investing activities	<u>17,816</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:	
Capital grants	351,230
Tap fees	35,070
Bond/note payments	(35,229)
Purchase of assets	(372,109)
Interest paid	<u>(24,508)</u>
Net Cash used in capital and financing activities	<u>(45,546)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(28,559)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>701,280</u>
CASH AND CASH EQUIVALENTS - END OF THE YEAR	<u>\$ 672,721</u>
RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Net Operating Income	\$ (116,601)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
(increase) in prepaid expenses	(1,320)
(increase) in inventory	(6,965)
depreciation	139,191
(increase) in accounts receivable	(50,924)
increase in accounts payable	<u>35,790</u>
Net cash provided by operating activities	<u>\$ (829)</u>

The accompanying notes to the basic financial statements are an integral part of these statements.