

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION OF THE OPERATING)	
CAPACITY OF MARTIN COUNTY WATER)	CASE NO. 2016-00142
DISTRICT PURSUANT TO KRS 278.280)	

ORDER

On April 11, 2016, the Commission entered an Order opening this investigation into deficiencies identified in the Commission Staff's December 12, 2014 Utility Inspection Report ("Inspection Report") of Martin County Water District's ("Martin District") facilities and records. The investigation also includes Martin District's compliance with the Required Action plan set forth in Appendix A of the Commission's April 2, 2008 Order in Case No. 2006-00303¹ and allegations of service quality deficiencies identified by Gary Ball, a customer of Martin District, through his complaint to the Commission.²

On February 22, 2017, the Commission conducted a hearing to take evidence on these issues and, in particular, on Martin District's water loss reduction planning and efforts, leak reduction planning and efforts, including the prioritization of finding and repairing major leaks, unmetered service and theft of water, bad-debt expense, and whether Martin District plans to pursue a surcharge.³

¹ *An Investigation into the Management and Operation of Martin County Water District* (Ky. PSC Apr. 2, 2008).

² Order (Ky. PSC Apr. 11, 2016) at 8.

³ Order (Ky. PSC Dec. 16, 2016) at 2.

The Commission finds that Martin District should respond to the requests for information contained in the Appendix to this Order. Additionally, the Commission finds that a hearing should be held, pursuant to 807 KAR 5:001, Section 9(3), to take evidence on all issues subject to this investigation. Martin District should be prepared to discuss at the hearing all of the issues within the scope of this investigation, including: 1) its responses to the requests for information made during the February 22, 2017 hearing; 2) its responses to the requests for information contained in the Appendix to this Order; and 3) the First Amendment to Joint Operating Agreement between Martin District and Prestonsburg City's Utilities Commission.

IT IS THEREFORE ORDERED that:

1. Martin District shall file the information requested in the Appendix of this Order within 14 days from the date of the Order.

2. a. Responses to requests for information shall be appropriately bound, tabbed and indexed and shall include the name of the witness responsible for responding to the questions related to the information provided.

b. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

c. Martin District shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

d. For any request to which Martin District fails or refuses to furnish all or part of the requested information, Martin District shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

e. A party filing a paper containing personal information shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

3. A hearing for the purpose of taking evidence on the issues within the scope of this investigation in the instant case shall be held on June 1, 2017, at 9:30 a.m. Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky.

4. The June 1, 2017 hearing shall be recorded by digital video recording only.

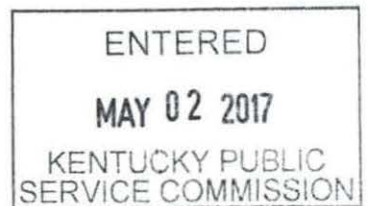
5. Martin District shall appear at the formal hearing scheduled on June 1, 2017, and shall present witnesses who are prepared to discuss the issues within the scope of this proceeding and the information filed into the record through Martin District's responses to requests for information.

6. Martin District shall file with the Commission, no later than May 18, 2017, a list of witnesses and exhibits to be presented at the June 1, 2017 hearing. Martin District shall provide six copies of any exhibit it intends to introduce into evidence at the hearing.

7. Martin District shall publish notice of the scheduled hearing in accordance with 807 KAR 5:001, Section 9(2)(b), no more than 21 days and no less than seven days before the day of the scheduled hearing in all areas in which it provides water service. In addition, the notice of hearing shall include the following statement: "This hearing will be streamed live and may be viewed on the PSC website, psc.ky.gov."

8. The Commission shall serve a copy of this Order to the Kentucky Division of Water.

By the Commission



Chairman Michael Schmitt did not participate in the deliberations or decision concerning this case.

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2016-00142 DATED

MAY 02 2017

1. Refer to Martin District's Response to Commission Staff's Post-Hearing Request for Information ("Response to Post-Hearing Request"), Item 1, Exhibit 1, and provide the following:

a. For each Annual Water Use Report ("Report") supplied in Exhibit 1, provide a revised Report that removes from Line 17 all gallons associated with leaks that have not been repaired and adds those gallons to Line 19 – Line Breaks and, based upon this revision, recalculates all of the information appearing on Lines 13 through 25; and

b. Explain why Martin District classifies leaks not repaired as other unsold water used rather than water lost.

2. Refer to Martin District's Response to Post-Hearing Request, Item 2, and provide the following:

a. The total length of service line replaced in 2016;

b. The total length of service line replaced through March 31, 2017;

and

c. The total length of service line estimated to be replaced during the period of April 1, 2017, through December 31, 2017.

3. Refer to Martin District's Response to Post-Hearing Request, Item 3, and provide the following:

a. Explain the difference between a zone meter and a monitor meter;

b. Explain why there are no zone meters or monitor meters between the tanks in the Middle Fork Zone;

c. Explain why there are no zone meters or monitor meters in the Buffalo Horn Zone; and

d. Explain why there are no zone meters or monitor meters in the Big Elk Zone.

4. Refer to Martin District's Response to Post-Hearing Request, Item 4, and provide the following:

a. State whether any component of Project Rejuvenate was presented to the Water Management Counsel during the March 28, 2017 meeting referenced in the response;

b. Provide a revised schedule for Project Rejuvenate using the total project cost amounts from the Drinking Water Project Profiles; and

c. Provide an estimate of the water loss reduction that Martin District expects to achieve through project WX21159006.

5. For each month from January 1, 2015, through March 31, 2017, provide the following:

a. The amount of water pumped into the Honey Branch Storage Take Line by Prestonsburg City's Utility Commission ("Prestonsburg") for the month;

b. The amount of water usage billed to the Federal Prison for the month; and

c. The amount, if applicable, of water supplied by Prestonsburg that exceeds the amount of water delivered to the Federal Prison for the month.

6. State whether Martin District's Management team is capable of addressing the excessive unaccounted-for water loss and provide the basis for its position.

7. State the amount of time it will take for Martin District to reduce unaccounted-for water loss to a maximum of 25 percent and thereafter to a maximum of 15 percent. Provide a detailed schedule in support of each attainment date that includes milestone dates for the major steps in reducing unaccounted-for water.

8. State the amount of time it will take for Martin District to complete a viable detailed capital project program that addresses the District's aging infrastructure in the lines and treatment facilities. Provide a detailed schedule in support of the targeted date that contains milestone dates for major steps in completing the capital project program.

9. State when Martin District will have an annual budget and operating plan prepared that generates sufficient income for adequately funding future projects identified in the District's capital project program. Provide a detailed schedule in support of the targeted date that contains milestone dates for major steps in completing the annual budget and operating plan for adequately funding future projects.

*Brian Cumbo
Attorney at Law
P.O. Box 1844
Inez, KENTUCKY 41224

*Martin County Water District
387 East Main Street, Suite 140
Inez, KY 41224

*Martin County Water District
Martin County Water District
387 East Main Street, Suite 140
Inez, KY 41224