

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMISSION STAFF'S POST-HEARING REQUEST
FOR INFORMATION TO MARTIN COUNTY WATER DISTRICT

Martin County Water District (Martin District), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The information requested herein is due on or before September 19, 2018. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format ("PDF"), shall be searchable, and shall be appropriately bookmarked. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

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 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.

Martin District shall make timely amendments to any prior response if they obtain information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Martin District fails or refuses to furnish all or part of the requested information, they shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a document containing personal information, Joint Applicants shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide a copy of Martin District's Vehicle Maintenance log for April 2018 through August 2018 referenced by Interim General Manager Greg Scott during his testimony at the August 29, 2018 hearing.

2. Refer to Martin District's response to Commission Staff's Sixth Request for Information to Martin County Water District (Staff's Sixth Request), Item 7.d., which is referenced in the response as Exhibit 7.

- a. For the items on the log that have mileage listed as "personal," state whether this refers to personal vehicles that employees utilized to conduct business for Martin District.

- b. State whether employees of Martin District are currently being reimbursed for mileage when they drive their personal vehicles to conduct business for

Martin District, if they are reimbursed with the purchase of gasoline through Zip Zone, or if they are reimbursed by a combination of both.

3. Refer to the response to Staff's Sixth Request, Exhibit 2, Fuel Procedures. Provide an updated Fuel Procedure that shows the correct information Greg Scott testified the Fuel Procedure contains, including office manager approval, the acknowledgment of the spreadsheet for which the Fuel Procedures are tracked, and the name of the individual who reconciles the spreadsheet to the invoices for fuel purchased.

4. Refer to the response to Staff's Sixth Request, Exhibit 3.

a. For each of the leak adjustments listed on this schedule, state how it was determined that a leak adjustment was necessary and who approved the leak adjustment. This should include the number of gallons for which the adjustment was made, the amount credited to the customer's account, and the customer's adjusted bill.

b. For each of the "mis-read adjustments" listed on this schedule, provide the detail that outlines the original amount of gallons billed, the number of gallons adjusted to, and the customer's final adjusted bill.

c. Provide more detail for the amounts that were "billed in error" that explains how the billing error occurred and what the exact error was.

d. For each of the accounts listed as "uncollectible," state whether those accounts are now closed.

5. Refer to the response to Staff's Sixth Request, Item 5.b., which states that the difference between the Debt Service Surcharge of \$85.21 on page 5 and page 10 is due to the adjustments listed in Exhibit 3. List the exact adjustments that were made that

were directly related to the Debt Service Surcharge and why those adjustments were made.

6. State whether any payments on accounts that were past due as of April 30, 2018, have been made to vendors other than the payment Greg Scott confirmed at the August 29, 2018 hearing to Zip Zone.

7. Refer to the response to Commission Staff's Post Hearing Request for Information to Martin County Water District filed on August 23, 2018, in Case No. 2018-00017¹ (Staff's Post Hearing Request), Exhibit 6. Provide an explanation of the repetitive \$45.00 payments on May 18, 2018 that are listed on pages 2 through 10 of the Cash Disbursements Journal dated May 1, 2018, to June 30, 2018.

8. Refer to Martin County Water District's Notice of Filing Information in Compliance with Order of March 16, 2018 – Monthly Requirements filed on May 21, 2018, Exhibit 4 (May 21, 2018 Filing, Exhibit 4) in Case No. 2018-00017.

a. The totals for each of the columns labeled 0-30, 31-60, 61-90, and over 90 days do not appear to add to the total in the amount of \$946,902.43 listed for "Amount Due" in the last column. Reconcile the difference between the total of the column labeled "Amount Due" and the sum of the columns of 0-30, 31-60, 61-90, and over 90 days.

b. Refer to Martin County Water District's Notice of Filing Information in Compliance with Order of March 16, 2018 – Monthly Requirements filed on August 15, 2018, Exhibit 3 in Case No. 2018-00017. The Total Amount Due is listed as

¹ Case No. 2018-00017 *Application of Martin County Water District for an Alternative Rate Adjustment* filed January 16, 2018.

\$1,038,443.94. Provide the difference between the reconciled amount requested in Item 8.a. and this amount.

9. Provide a repayment plan for past due accounts reported to be outstanding as of April 30, 2018 in the May 21, 2018 Filing, Exhibit 4 to be paid out of the debt service surcharge account established by the March 16, 2018 Order of in Case No. 2018-00017. Some parameters of the plan should include the following:

a. The repayment plan should be structured so that all identified vendors will participate in a program to reduce the outstanding balance due them. The formula will be: outstanding balances for each vendor divided by the total outstanding balance and that percentage applied to determine the payment. For Example:

Vendor: Soles Electric of Huntington Balance: \$22,715.00 ÷ Total Past Due
Accounts Payable Balance Dated April 30, 2018, of \$825,337.92² = 2.75
Percent of Payment to be Distributed.

b. The vendors listed in the Attachment to this request with an outstanding balance of \$1,000.00 or less should be paid the full amount reported to be outstanding as of April 31, 2018 as part of one of the first three authorized payments out

²

Days Past Due	Past Due Amount
31-60 Days	\$ 136,018.62
61-90 Days	65,052.19
Over 90 Days	<u>624,267.11</u>
Total	<u>\$ 825,337.92</u>

of the account even though the amount may be greater than the calculated outstanding balance percentage payment.

c. The total monthly amount to be disbursed to vendors will depend on the Debt Service Surcharge account balance. The Commission's approval of payments will be contingent on maintaining a reasonable balance with a minimum of \$1,000 until the total of the past due balance is paid and the surcharge and associated account are eliminated.

10. Refer to the response to Commission Staff's Post Hearing Request for Information to Martin County Water District filed on August 23, 2018, in Case No. 2018-00017 (Staff's Post Hearing Request), Exhibit 1.

a. For each of the invoices listed for James McCoy, Avery Lowe, and John Jude, provide a description of the specific service provided, the hourly rate charged, the number of service hours listed by date, the business address for each individual, and if any of the three individuals listed are now Martin District employees, such as James McCoy, their official start date with Martin District as an employee.

b. For the information submitted for Soles Electric Company, provide an explanation as to why only Job Estimates were submitted rather than Invoices. Provide a purchase order number and invoiced amount for each of the Job Estimates that were submitted in the response.

11. Refer to the response to Staff's Post Hearing Request, Exhibit 3, Aged Payables to C.I. Thornburg dated July 31, 2018, and Martin District's Motion for Leave to Pay Vital Creditors from the Surcharge Account, Exhibit 1, Aged Payables to C.I. Thornburg dated June 25, 2018.

a. Explain why payables to C.I. Thornburg that were listed as due in 0-30 days as of the June 25, 2018 Outstanding Accounts Payable report became 61-90 days past due as of July 31, 2018.

b. Provide an explanation for the increase in the balance owed to C.I. Thornburg from June 25, 2018 in the amount of \$111,612.19 to July 31, 2018 of \$154,042.31.

12. Refer to the response to Staff's Post Hearing Request, Exhibit 3.

a. With regard to copies submitted in support of purchases and requested payments that encompass the past due accounts payable balance to C.I. Thornburg.

(1) Provide an explanation of the difference between a quotation and an invoice.

(2) Explain if the vendor issued only a quotation instead of an invoice.

(3) Explain why a quotation is being provided as support to the Commission to fund the requested payment instead of an invoice.

b. As testified by Greg Scott at the hearing on August 29, 2018, confirm that Martin District has agreed to accept only invoices for payment processing and will eliminate the practice of initiating payment based on quotations, job estimates or other non-invoice vendor submitted documents, from C.I. Thornburg or any of its other vendors.

c. With regard to the information submitted in support of its expenditures to Evans Hardware, provide an explanation why multiple large purchases were made on 2/27/2018.

d. Provide where Evans Hardware invoices for transactions on 2/27/2018 in the amounts of \$2,608.39, \$3,052.28, \$2,980.35, \$2,880.90, \$3,108.96, and \$3,144.91 can be located in the Exhibit.

13. Submit the written capital plan that Martin District will use to prioritize the systematic replacement of service lines and mains.

14. Provide an explanation of the approval process used to determine how Martin County formulated the \$20,000 request to disburse funds from the debt service surcharge account before submitting it to the Public Service Commission.

a. Provide the names of the individuals who made the decision to submit Martin District's request.

b. Provide the Martin District board minutes approving the request for disbursement of \$20,000 from the debt service surcharge account before it was submitted to the Commission.

15. Develop and submit a written policy to be approved by Martin District's Board of Commissioners regarding bad debt and how office staff should handle past due accounts as directed through the minutes of the June 12, 2018 Martin County Utility Board meeting.

16. Refer to the response to Staff's Post Hearing Request, Item 6, which directed Martin District to provide a listing of vendors with which Martin County has past due accounts and additionally asked for each vendor's payment terms, the amount due by vendor, and if late fees were being assessed, reduced, or waived.

a. If late fees are being waived, state whether the waiver is for the total balance past due or only a portion, and whether the waiver is indefinite or temporary. If temporary, state the length of the waiver, if known.

b. The previous response included only a copy of the initially provided listing of vendors and none of the other requested information. Provide this information.

17. Regarding the balance that was owed by Zip Zone to Martin District.

a. State the approximate date Martin District became aware of the outstanding balance that was owed by Zip Zone to Martin District.

b. State the total balance that was owed before it was paid, and confirm that all amounts were only for Zip Zone and not for any other common owner entity.

c. State the date that the Zip Zone past due water account(s) became current.

18. Provide the contract with BlueWater Kentucky that was renewed and approved by the Martin District Board of Commissioners. Provide the minutes where this renewed contract was approved.

19. Provide the amended Joint Operating Agreement between Prestonsburg City Utility Commission and Martin District that Jimmy Kerr testified at the August 29, 2018 hearing was agreed upon.

20. Provide a detailed estimate of the cost for Martin District to produce 1,000 gallons of water at the water treatment plant.

21. Provide the job posting that Martin District has posted for the new General Manager position currently filled by an Interim General Manager and the expected salary range for the position.



Gwen R. Pinson
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED AUG 31 2018

cc: Parties of Record

ATTACHMENT

ATTACHMENT TO A REQUEST FOR INFORMATION OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2016-00142 DATED **AUG 31 2018**

List of Vendors with Past Due Balances less than \$1,000.00 as of April 30, 2018:

Guthrie Sales and Service	\$389.21
64 Seconds	705.00
Acroprint Time Recorder Co.	955.54
All American Fire Equipment	725.00
Ashland Office Supply	84.00
Aramark	816.27
Ashland Office Supply	346.40
CDP Engineers, Inc.	960.00
Eric Chafins	585.00
Paul DeLong	560.00
Edgar's Tires	981.00
Elliott Supply & Glass	995.00
Highland Communications, Inc.	110.00
Holbrook Implement	793.87
Inez Automotive Supply	169.95
IPC	38.00
JH Tomlin Fence Co.	422.00
J.J. Keller & Associates	40.00
Kirk Lawn Service	100.00
KYTEKS	155.00
McCoy's Tree Service	600.00
Candy Moore	450.00
Railroad Management Company IV LLC	55.00
Pocahontas Development Corp	25.00
Quill Corporation	461.73
The Home City Ice Company	399.00
Universal Licensing Service	471.38
Vermeer Heartland	39.72
Warfield Shoprite, Inc.	12.00
Wilson Equipment Company	413.01
W. VA. Electric Supply Company	<u>906.03</u>
Total	\$13,764.11

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