

June 8, 2017

Talina Mathews, Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Blvd.  
Frankfort, Ky. 40602-0615

**RECEIVED**

**JUN 12 2017**

**PUBLIC SERVICE  
COMMISSION**

Dear Ms. Mathews:

I am enclosing the following documents and you can place them in the comments section and I ask that you forward these to the appropriate members of the commission for review. This involves the PSC's ongoing investigation into the Martin County Water District (Case No. 2016-00142).

I hope these documents clear up the matter of MCWD supplying water to the U.S. Penitentiary -- Big Sandy. In the June 1 hearing on this matter, Martin County Judge/Executive Kelly Callaham and, I believe, MCWD treasurer Linda Sumper both alluded to a projected \$30,000 per month expectation of revenue to the district from sales to the prison. From what I've learned, that may not be the case and cannot be counted on.

In the past I had tried unsuccessfully to determine if the prison had any problems with water coming from Martin County. I had made a number of attempts through the Bureau of Prisons and basically ran into a brick wall. It dawned on me that Prestonsburg City Utilities is the billing agent with the prison, so I decided to make a FOIA request to PCU to determine if there was a paper trail over water quality issues the BOP might have with water.

These documents clearly show that this matter was addressed even before the prison opened. The BOP reminded PCU that it was its responsibility to ensure the prison, inmates and staff, would have a safe reliable water supply. These letters -- dated 15 years ago in 2002 -- clearly show BOP officials were concerned about water quality issues in the "regional area" of the prison and that these would not affect the prison.

In short, it put the responsibility clearly on PCU to guarantee safe, potable water. What that means is that PCU at that time guaranteed that they had the equipment to monitor water coming from both its system and Martin County. If need be, Prestonsburg could simply shut off the supply from Martin County and solely furnish water to the prison, which apparently it has been forced to do due to poor water quality from MCWD.

So, in short, MCWD is not touting this anticipated \$30,000 per month in extra anticipated revenue when it clearly does not control the water supply to the prison. I was unaware of how this process worked. I simply believed that if Martin County could supply the prison, all it had to do is simply turn a valve on to supply the Honey Branch Tank that feeds not only the prison, but some of MCWD sole customers.

That's not the case. Prestonsburg has a responsibility to supply the prison with reliable, safe, potable water. It controls the valve before MCWD water is co-mingled with theirs. If MCWD's water doesn't meet standards, PCU simply shuts it off. That's the reason MCWD hasn't supplied much water over the years to the prison. And that's the reason regardless of their projected anticipated revenue they expect to receive, this is contingent on MCWD's ability to deliver a quality product, which it hasn't done for the last 15 years.

Please bear in mind that water quality issues were raised in 2002. It's now 2017 and we're still battling this problem! You can review a past case file with MCWD and see that it had \$3 million to fix these problems before the prison opened. The district -- and the PSC hearing bears this out -- basically squandered the \$3 million on the same intake system that they're experiencing problems with now. They didn't bother seeking PSC's approval on capital project improvement back then and no one knows what happened to the \$3 million, which was allocated with roughly \$800,000 for upgrading the raw-water intake and \$2.2 million for the treatment plant. This money was intended to help us meet the extra demand placed on the district to help supply the prison. No improvements were made to the plant. All the money went to the intake.

If we had spent this funding correctly, we would have upgraded our system with the ability to supply half of the water to the federal prison and would have had an additional revenue stream all these years. We didn't and now customers are being forced to pay for the mistakes of the past.

Gary Ball



MCWD customer  
P.O. Box 16  
Lovely, Ky. 41231



U.S. Department of Justice

Federal Bureau of Prisons

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Washington, DC 20534

June 26, 2002

Seldon D. Horne, Superintendent  
Prestonsburg City's Utilities Commission  
2560 South Lake Drive  
Prestonsburg, Kentucky 41653-1048

Re: Purchase Order Number 07410470

Dear Mr. Horne:

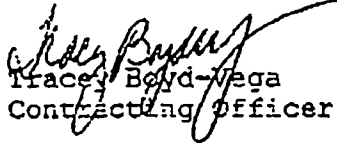
The purpose of this letter is to express our concern regarding your water service to the United States Penitentiary (USP) facility at Big Sandy, Kentucky. The Prestonsburg City Utilities Commission (PCUC) is obligated to provide 540,000 gallons per day of potable water service and maintain dedicated water storage for domestic and fire flow use.

We are aware of local advisories that have been issued due to poor water quality in the regional area of USP Big Sandy. Because a portion of your service commodity is supplied by the same facilities involved in the advisories, we are requesting written verification that Prestonsburg City's Utilities Commission will still be able to meet the terms and condition of our agreement. Specifically, we would like you to confirm that the service will not be affected by these water quality problems and that our storage quantities are secure.

The Federal Bureau of Prison's contribution to the storage facility was made with the agreement that the specified amount of potable water would be available for the USP use at all times. The Federal Bureau of Prison's would expect that the PCUC has the facilities and equipment in place to monitor, control, and protect the integrity of the water system and its service to us.

Please provide a written response addressing the above concerns by July 8, 2002. If you require any additional information or have any questions, please do not hesitate to contact me at (202) 307-0954.

Sincerely,

  
Tracey Boyd-Waga  
Contracting Officer

# *Prestonsburg City's Utilities Commission*

Water, Waste Water and Natural Gas System  
(Municipally Owned)  
2560 South Lake Drive  
Prestonsburg, Kentucky 41653-1048  
(606) 886-6871

August 14, 2002

Ms. Tracey Boyd-Vega  
Contracting Officer  
U.S. Department of Justice  
Federal Bureau of Prisons  
Washington, D.C. 20534

RE: Purchase Order No. 07410470

Dear Ms. Boyd-Vega:

This will acknowledge receipt of your letter of June 26, 2002 expressing concern regarding the water service to be provided by the Prestonsburg City's Utilities Commission ("PCUC") to the United States Penitentiary ("USP") facility at Big Sandy, Kentucky. Your letter states that you are aware of local advisories that have been issued due to poor water quality in the regional area of the USP facility. You note further that because a portion of the water to be supplied by PCUC is supplied at wholesale by the Martin County Water District ("District") which is the subject of the advisories, you are requesting verification that PCUC will still be able to meet the terms and conditions of the water supply contract.

This will confirm that PCUC will meet the terms and conditions of the water supply agreement. PCUC has ample water supply capacity to provide the required quantities of potable water service and to maintain dedicated water storage for the domestic and fire flow use as required by the agreement. Rest assured that reliable service to the USP facility will be provided by PCUC.

PCUC shares the concerns expressed in your letter about the local advisories issued relating to poor water quality in the area served by the Martin County Water District. PCUC is inquiring into this matter with the District and with

responsible state and local officials to ensure that such issues do not affect PCUC's service to the USP facility or other customers. As long as any issue exists concerning water quality provided by the District, PCUC will supply the USP facility entirely with water from its own system.

We appreciate your interest and concern about this matter. Please feel free to give me a call at any time if you wish to discuss this further.

Sincerely,

A handwritten signature in cursive script that reads "Seldon D. Horne".

Seldon D. Horne  
Superintendent

# *Prestonsburg City's Utilities Commission*

Water, Waste Water and Natural Gas System

(Municipally Owned)

2560 South Lake Drive

Prestonsburg, Kentucky 41653-1048

(606) 886-6871

August 30, 2002

Mr. G. Michael Cain  
Chairman  
Martin County Water District  
HC 69 Box 875  
Inez, KY 41224

RE: Water Service to United States Penitentiary ("USP")  
Facility

Dear Mr. Cain:

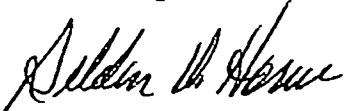
I wrote you on August 14, 2002 and enclosed a copy of a letter from the Federal Bureau of Prisons expressing serious concern about poor water quality on the system of the Martin County Water District ("District") and the potential effect it may have on the water service to the USP facility. In my August 14 letter, I requested that you contact me within the next week to arrange a meeting to discuss how our respective systems can ensure the USP facility receives the reliable supply of potable water that it needs. To date, I have had no response from you to set up such a meeting. By this letter, I renew my request.

The Prestonsburg City's Utilities Commission ("PCUC") has been informed that the Bureau of Prisons will take control from the construction contractor of the USP facility on September 29, 2002. By that date, PCUC must be in a position to supply sufficient quantities of potable water, including fire protection, to the USP facility. As I mentioned in my earlier letter, PCUC will need to close the valve between our two systems to prevent any co-mingling of water because of the previously mentioned water quality concerns. This will advise that PCUC will close the valve between our systems on September 23, 2002. This will allow several days for PCUC to sterilize the tank, flush the lines, and do bacteriological testing to ensure that the water is potable by September 29. PCUC would appreciate

your response to ensure proper coordination between the two systems for this purpose. In addition, I renew my request for a meeting to be scheduled promptly to address longer term alternatives for water service to the USP facility and other customers located in that immediate area.

Please give your immediate attention to this matter.

Sincerely,



Seldon D. Horne

Cc: Gerald Wuetcher, Esquire  
Kentucky Public Service Commission

Vicki L. Ray  
Manager, Drinking Water Branch  
Division of Water

Roger Rechtenwald  
Kentucky Infrastructure Authority

Big Sandy Area Development District