

RECEIVED

JUL 09 2018

PUBLIC SERVICE
COMMISSION

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In The Matter Of:

**THE APPLICATION OF THE
MARTIN COUNTY WATER
DISTRICT FOR ALTERNATIVE
RATE ADJUSTMENT**

Case No. 2018-00017

**MARTIN COUNTY CONCERNED CITIZENS, INC.'S OBJECTION TO
MARTIN COUNTY WATER DISTRICT'S MOTION FOR LEAVE TO PAY
VITAL CREDITORS**

Martin County Concerned Citizens, Inc. ("MCCC"), by and through counsel, submits this objection to Martin County Water District's ("the District") Motion for Leave to Pay Vital Creditors. MCCC's response is filed within seven days of the date of the District's filing of its motion and is therefore timely as set forth in 807 KAR 5:001 §5(2). MCCC objects to the immediate payment of \$10,000 each to the two creditors absent an approved plan for paying the District's accounts payable as of April 1, 2018.

ARGUMENT

On March 16, 2018, the Commission ordered the District to implement a \$4.19 per customer per month debt service surcharge, the funds from which are to be used to satisfy the District's Accounts Payable as of April 1, 2018. Based on the District's most recent response to MCCC's post-hearing data request in the investigation, the District's Accounts Payable as of April 1, 2018 totaled \$932,100.32. Case No. 2016-142. MCWD Resp. to MCCC, Jun. 22, 2018, Ex. 8. Under the terms of the March 16 Order, the District cannot make any disbursements from the surcharge account absent an order of the Commission approving the disbursement.

The District now moves the Commission for leave to pay \$10,000 each to C.I. Thornburg Co., Inc. and Evans Hardware of Inez, Kentucky, from the surcharge account. At the time of the District's Motion, the surcharge account had a total balance of \$39,903.14. The payments requested total more than one-half of the balance of that account. The District supports its request with an affidavit from its Interim General Manager Greg Scott, who states these two creditors provide essential goods and services, that both have carried the District for a significant period of time, and that a payment is needed to "demonstrate to these creditors the District's commitment to that relationship." There is nothing in Mr. Scott's affidavit or in the District's Motion that would distinguish these two creditors from any of the other creditors on the District's books.

MCCC objects to the District's Motion. There is no indication that the District has formulated a plan for how to pay down the nearly \$1 million dollar Accounts Payable balance it carries. Without such a plan, the District's creditors have no assurance of how or when the accounts will be paid. Likewise, allowing the District to deplete its surcharge account to make two good faith payments could negatively impact the District's ability to get a loan that would allow it to make substantial payments to many of its creditors.

CONCLUSION

For the reasons set forth above, MCCC does not believe it is in the interests of the District's customers to allow the two payments to be made at this time. MCCC therefore objects to the District's Motion until such time as the District has established a plan for paying its accounts payable as of April 1, 2018.

Respectfully Submitted,



Mary Varson Cromer
Appalachian Citizens' Law Center, Inc.
317 Main Street
Whitesburg, Kentucky 41858
Telephone: 606-633-3929
Facsimile: 606-633-3925
mary@appalachianlawcenter.org

and

STURGILL, TURNER, BARKER & MOLONEY,
PLLC
James W. Gardner
M. Todd Osterloh
333 W. Vine St., SUITE 1500
Lexington, Kentucky 40507
Telephone: 859-255-8581
Facsimile: 859-231-0851
jgardner@sturgillturner.com
tosterloh@sturgillturner.com

Counsel for MCCC

DATED: July 9, 2018

CERTIFICATE OF SERVICE

Pursuant to 807 KAR 5:001 Sec. 6, I, Mary Varson Cromer, hereby certify that on July 9, 2018, a true and accurate copy of the foregoing Objection was served via electronic mail and postage-paid U.S. mail to the following:

Brian Cumbo
86 W. Main St., STE 100
P.O. Box 1844
Inez, KY 41224
cumbolaw@cumbolaw.com
Counsel for Martin County Water District



Counsel for the MCCC