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Michael J. Schmitt
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Talina R. Mathews
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May 26, 2021

PARTIES OF RECORD

Re: Case No. 2021-00154

Attached is a copy of a letter received via electronic mail from a representative of the Kentucky Energy and Environment Cabinet on May 26, 2021 to be filed in the record of the above referenced case.

If you have any questions, please contact Brittany H. Koenig, 502-782- 2591.

Sincerely,

A handwritten signature in blue ink that reads "Linda C. Bridwell".

Linda Bridwell
Executive Director

Attachments



ANDY BESHEAR
GOVERNOR

REBECCA W. GOODMAN
SECRETARY

**ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION**

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May 25, 2020

Michael J. Schmitt, Chairman
c/o Brittany Koenig
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40602

Subject: PSC Case 2021-00154

Chairman Schmitt,

As Deputy Commissioner for the Department for Environmental Protection (DEP), housed within the Kentucky Energy and Environment Cabinet (EEC), I am offering an update of activities and progress of the Martin County Water District (MCWD) since the January 1, 2020 installation of Alliance Water Resources, Inc. as management for the system. The information imparted in this letter details information gained through the Martin County Water District Workgroup and routine monitoring, assistance provision and inspections of the facility by the Department's Division of Water staff.

Martin County Water District Workgroup

As Martin County's water issues are a priority for the Beshear administration, EEC established a workgroup in February of 2020 to create a unified approach and foster open collaboration amongst the cabinet and other stakeholders working to provide sustainable and safe drinking water in Martin County. Quarterly meetings, which are open to the public, are held to track progress, align future goals, and provide a forum for open discussion. Workgroup participants include representatives from EEC, MCWD, Alliance Water Resources, Inc., Kentucky Rural Water Association, Big Sandy Area Development District, University of Kentucky, Martin County Concerned Citizens, and Bell Engineering. In addition to the main working group, a Technical Subcommittee meets monthly to discuss any technical/operational issues faced by the system in order to identify trends, issues, resources, and any needed assistance. The Alliance Water Resources Division Manager also meets with DEP staff each month following MCWD's Monthly Board Meeting to keep staff apprised of issues, concerns, and progress. Alliance along with

other stakeholders have reported improvements in managerial and technical capacity of the district as well as continued challenges.

Since Alliance has taken over management of the MCWD, it has implemented several managerial improvements with the ultimate goal of improving overall operations of the system. This includes instituting a new billing software, developing better inventory control systems to reduce surprise expenditures, developing standard operating procedures for operators and office staff and adopting tracking and reporting systems to be more transparent to the public.

Technical improvements to MCWD's system have also been made since January of 2020. Projects of note include locating a large portion of meters in the system, instituting a meter-reading program to increase accuracy and reduce estimation of water use, installing redundant pumps and protective buildings to prolong equipment life, and installing pressure-reducing valves at the 40E and 40W pump stations. Another important technical improvement has been a water loss control program initiated by the system. This GIS-based tracking system allows the district to track reported leaks, active leaks, and leak repairs. Information about the leaks and repairs are recorded to help the system in future decision making about line replacement and maintenance needs. The district established a leak detection team whose primary work is to identify and repair leaks and use the technology to track progress. MCWD has also worked with Bell Engineering to complete several projects including upgrading of mainlines, meters, service lines, valves, and hydrants in the Lovely area; purchasing pumps for the raw water improvement project and relocating waterlines at several locations for bridge projects for the Kentucky Transportation Cabinet.

Despite the progress, the MCWD continues to face significant challenges. Simply put, the hole they are digging out of was very deep. Some of the continued challenges are:

- Meter replacement continues to be a top priority for the district.
- Water Loss- Despite the managerial and technical improvements, water loss is still a significant problem that will require additional infrastructure replacement and continued maintenance.

Several projects, including the raw water improvement project and the Warfield area mainline, service line and meter replacement remain incomplete due to construction bids coming in over budget.

Regulatory Compliance, Inspections and Assistance:

In its role as environmental regulator, DEP's Division of Water has the responsibility to ensure MCWD complies with the regulations designed to protect human health and the environment. To ensure compliance, the Division of Water requires water producers to submit regular reports and the Division performs regular surveys and inspections of water facilities.

Each water utility is required to submit a Monthly Operating Report (MOR) to the Division of Water no later than 10 days after the end of the month for which the report is filed. In the MOR, a utility reports on the volume of water treated, the average number of hours per day water is being treated, type and amounts of chemicals added, and the test results required by state and federal laws and regulations. Since January 2020, the following is noted:

- Since January 2020, all reports have been timely. Historically, MCWD had five violations for failure to submit required reports, dating back to 2013. The last violation received for untimely reporting was in 2018.

- On March 1, 2021, Martin County Water District failed to meet the performance standard for turbidity. This is a Tier 2 violation. The violation took place during a flood event and the system had already issued a boil water advisory to consumers. While MCWD did inform consumers to boil water, per regulation for a Tier 2 violation they are required to provide a public notice with specific language. MCWD must issue this public notice by June 10, 2021 in order to be timely. MCWD received two notices of violation stemming from failure to provide timely public notice for violations that occurred in 2017 and 2018.
- Disinfection By-Products (DBPs) have been within limits since Alliance took over the systems. A previous agreed order regarding DBPs was closed in April of 2020. This agreed order was put into place after multiple DBP violations in 2016 and 2017. The agreed order was closed after intensive technical assistance by the cabinet and nine quarters of compliance.

In addition to MORs, federal law requires facilities to conduct Sanitary Surveys at least once every three years. Sanitary Surveys are a technical assistance tool that looks at a facility's technical, managerial, and financial capabilities and makes recommendations for improvements. These surveys are performed every 3 years. The cabinet made the determination to conduct an annual sanitary survey for Martin County given the system's situation. A sanitary survey was completed in 2020 on multiple dates from January 24 through March 4, 2020. The 2021 survey has been conducted but is not finalized.

Many of the managerial issues noted in the 2020 Sanitary Survey have been addressed. These include updating policies and procedures, updating operational manuals, developing system specific SOPs and keeping payments and accounts current. The system is also working on water loss tracking. There were other recommendations such as developing an asset management plan and a preventative maintenance plan which have not been addressed to date.

In terms of technical issues, recommendations have been made to continue to work on issues such as pump redundancy at critical locations, water loss reduction throughout the system, emergency generators installation at the treatment plant and at pumps stations and performing preventative maintenance to improve the lifespan of equipment.

Additional technical assistance has been provided to MCWD through DOW's Drinking Water Branch Technical Assistance Providers and by the Kentucky Rural Water association through a Small Water System Technical Assistance Program contract.

Lastly, Division of Water personnel perform compliance inspections of each facility based on a pre-determined schedule, on complaints, or as needed when regulatory issues arise. All facilities receive an annual comprehensive or non-comprehensive inspection. A comprehensive inspection was performed in October of 2020. No violations were observed. Systems with a Kentucky Pollution Discharge Elimination System (KPDES) Permit for backwash from filters receive a backwash inspection every 5 years. A backwash inspection was performed in October of 2020. No violations were observed.

In closing, the Martin County Water District has done much to improve its ability to manage the everyday operations of its drinking water facility. However, given the state of its infrastructure and barriers in procuring equipment to ensure a safe, sustainable supply of drinking water to its citizens, the

system will continue to face a steady stream of repair needs and water loss issues. Good management of poor infrastructure will only go so far in this effort.

Sincerely,

A handwritten signature in cursive script that reads "Amanda W. LeFevre". The signature is fluid and elegant, with the first letters of each word being capitalized and prominent.

Amanda W. LeFevre
Deputy Commissioner
Kentucky Department for Environmental Protection

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