

Andy Beshear
Governor

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Energy and Environment Cabinet



Commonwealth of Kentucky
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Angie Hatton
Chair

Mary Pat Regan
Commissioner

Andrew W. Wood
Commissioner

April 23, 2026

PARTIES OF RECORD

Re: Case No. 2026-00065

Notice is given to all parties that the attached Martin County Water District Informal Conference Memorandum and attendance list has been filed into the record of this proceeding.

If you have any comments you would like to make regarding the contents of the document, please do so within five days of receipt of this letter. If you have any questions, please contact Jennifer Fell, Staff Attorney, at Jennifer.Fell@ky.gov.

Sincerely,

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

Linda C. Bridwell, PE
Executive Director

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case No. 2020-00154 & Case No. 2026-00065

FROM: Jennifer Fell, Staff Attorney III

DATE: April 22, 2026

RE: Informal Conference of April 20, 2026

Pursuant to an Order issued on April 14, 2026, an informal conference (IC) was conducted on April 20, 2026. Attached is a copy of the attendance roster.

Martin County Water District requested the IC to discuss Case No. 2020-00154 and Case No. 2026-00065.

In regard to Case No. 2020-00154, Martin District Chairman, Tim Thoma, took exception with the statement in the Commission's April 8, 2026 Order, that while significant progress has been made to decrease Martin District's water loss, the infrastructure planning, and implementation of repairs, has occurred under the management of Alliance Water Resources, Inc. (Alliance)¹ . . . and that improvements appear to have been largely due to the management and guidance from Alliance.² Mr. Thoma stated this was inaccurate and explained that the district was instrumental in the progress, explained the engineering functions he has personally provided to the district, and provided Staff with information regarding proposed and planned projects that the district has received funding for, or anticipates receiving funding for in the near future. Mr. Thoma explained that the project schedules and plans were created by himself, then discussed with Alliance. Martin District explained that it is now working with Federation of Appalachian Housing Enterprise, Inc. DBA Fahe (FAHE) as its project administrator for the grants it has recently received in the amount of approximately \$21,800,000 for the discussed projects. One such item is funding that is expected to pay off all of Martin District's existing debts, including the truck leases that were the subject of Case No. 2025-00249, in which retroactive approval to assume indebtedness for the truck leases was denied.

Mr. Thoma also provided information regarding Martin District's financial metrics, regarding its renegotiated contract with Prestonsburg City Utility Commission, which is generating new revenue of approximately \$250,000 a year, compared to the water prior being sold at a loss. Mr. Thoma stated there was also an increase in total revenue after changing out meters in the system, from an approximate total of \$3,100,000 a year to \$3,800,000 this past year.

¹ Order (Ky. PSC Apr. 8, 2026) at 9-10.

² Order (Ky. PSC Apr. 8, 2026) at 14.

Martin District was reminded of the quarterly reporting requirement set forth by Order issued July 22, 2020 in Case No. 2020-00154. Martin District last filed a quarterly report into the record in October 2025 and counsel for Martin District stated he would file an updated quarterly report. Martin District expressed its belief that some of its issues may have been avoidable if monthly IC's with Commission Staff that were also set forth in Case 2020-00154, were being held. Commission Staff and Martin District discussed re-establishing the monthly IC's, to be tentatively set for the third Thursday of every month at 2 p.m. Eastern Time. Staff will issue a Notice to all parties for the next virtual IC on May 21, 2026 at 2 p.m. Eastern Time. Martin District was reminded that Staff are unable to provide any legal advice during IC's, however, all parties to Case No. 2020-00154 will be able to discuss any issues in Martin District's monthly Board Meeting packets and receive updates from Martin District regarding its management, financial status, and infrastructure projects. Martin District acknowledged the Commission's requirement in its April 8, 2026 Order, to provide an updated infrastructure plan within 120 days, and stated that it has requested a draft plan from Alliance.

Mr. Thoma further discussed Martin District's prior Motion to Close (Case No. 2020-00154) and End Monitoring Requirements,³ and explained this was only seen by the district as the first step towards its ultimate goal of Martin District being able to maintain and operate itself. Martin District expressed its desire to establish a transition plan towards this ultimate goal. Martin District Board member Colby Kirk, and prior Board member, Nina McCoy, expressed that they had no intention of removing Alliance as third-party management when they voted to file the Motion to Cease Monitoring. However, Mr. Thoma provided an example of a recent district-wide issue with murky water, which the district worked on its own to solve by initiating a brown water study. Martin District representatives acknowledged the transition plan should involve a third-party engineer, and if one had been involved previously, it may have avoided the issues with the Big Sandy raw water intake project.

In regard to Case No. 2026-00065, Mr. Thoma explained that, at the time of the underlying truck leases being entered into, which was subject of Case No. 2025-00249, three of the Martin District Commissioners were newly appointed, and had not received any training that would have made them aware that Commission approval was needed to assume indebtedness for the truck leases pursuant to Commission statute. Mr. Thoma and prior counsel, Brian Cumbo, explained that, following the Commissioners' training, Mr. Thoma asked counsel if they were required to obtain Commission approval in connection with the truck leases, and the mistake was discovered, after which Martin District filed its request for approval of the leases, albeit retroactively. Commission Staff briefly explained the general process of investigation cases, including the citation to the statutory legal standard in the opening order, the requirement of initial responses from all named parties, fact-finding that will occur through discovery, and the requirement under statute that a hearing will be held unless the parties waive their right to a hearing, which usually occurs when a utility has reached a settlement with the Commission.

³ Motion to Close Case and End Monitoring Requirements of Order Entered July 22, 2020 (filed Dec. 3, 2025).

There being no further discussion, the IC was then adjourned.

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC MARTIN COUNTY WATER)	CASE NO.
DISTRICT MANAGEMENT AND OPERATION)	2020-00154
MONITORING PURSUANT TO KRS 278.250)	

April 20, 2026

Please sign in:

NAME	REPRESENTING
<u>Tim Thoma</u>	<u>Martin County Water District</u>
<u>Colby Kirk</u>	<u>Martin County Water District</u>
<u>Dustin Haley</u>	<u>Counsel for Martin County Water District</u>
<u>Nina McCoy</u>	<u>(Prior Commissioner for Martin County Water District)</u>
<u>Richard Swor</u>	<u>Counsel for Todd Adams</u>
<u>Tim Gerarghty</u>	<u>Alliance Water Resources, Inc.</u>
<u>Eria Bogenpohl</u>	<u>Alliance Water Resources, Inc.</u>
<u>Brian Thomas</u>	<u>PSC</u>
<u>Jeff Abshire</u>	<u>PSC</u>
<u>Moriah Tussey</u>	<u>PSC</u>
<u>Noah Abner</u>	<u>PSC</u>
<u>Jennifer Fell</u>	<u>PSC</u>
<u>Whitney Saffari</u>	<u>PSC</u>

Justin Young PSC

William Pearce PSC

Ben Rogness PSC

Alexus Loyd PSC

Ryan Mattingly PSC

Service List for 2026-00065

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* Timothy Thoma
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* Denotes served by Email