


**INTRA-AGENCY MEMORANDUM**

**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case No. 2013-00050  
Hardin County Water District #1

**FROM:** Ann Ramser   
Staff Attorney

**DATE:** January 27, 2014

**RE:** Informal Conference of January 23, 2014

Pursuant to the Commission's Notice of December January 6, 2014, an informal conference was held in Case No. 2013-00050 on January 23, 2014. Attending the conference in person was:

Eddie Beavers	-	Commission Staff
David Foster	-	Commission Staff
Mark Frost	-	Commission Staff
Scott Lawless	-	Commission Staff
Ann Ramser	-	Commission Staff
George Wakim	-	Commission Staff
Jim Bruce	-	Hardin County Water District #1
Scott Schmuck	-	Hardin County Water District #1
David T. Wilson	-	Attorney for Hardin County Water District #1

A copy of the signed attendance roster is attached. Jennifer B. Hans with the Office of the Attorney General participated via telephone.

Hardin County Water District #1's ("HCWD") motion to amend and supplement the record was discussed. Ms. Ramser advised if the Commission grants the motion to amend, the amendment would not relate back and the ten month period would reset. Ms. Ramser further advised that Commission Staff would have additional data requests should the Commission grant the motion to amend. Ms. Black also indicated that the Attorney General would seek additional information. The currently scheduled March 18, 2014 hearing would also likely be rescheduled.

Ms. Ramser advised that if HCWD's motion to amend was withdrawn, the Commission would still consider all documented known and measureable adjustments to the test year.

HCWD requested a revenue increase of \$622,004 in its initial application. In the amendment, HWCD requests a revenue increase of \$825,503. Mr. Frost advised that Commission Staff finds that known and measureable adjustments to the test year support a revenue increase of \$571,464. The increased 2014 Veolia management contract fee and contract electric overages for 2013 are included in the \$571,464 amount. Mr. Frost's revenue amount also includes a five year amortization of the rate case expense incurred to date. The \$571,464 amount does not include: the 2014 HWCD employee pay raises; the depreciation of the capital projects scheduled to be completed in 2014; the depreciation for capital expenditures budgeted to be purchased in 2014; gains on the 2013 asset sales; and tap on fees collected in 2013. This is not an exhaustive list of the items included or not included in the \$571,464 figure.

Mr. Wilson advised that HCWD is losing money each month and needs relief. Delaying the hearing would cause additional losses. HCWD is concerned that they will need to request an additional revenue increase in the near future based on 2014 projections. Commission Staff and Ms. Black advised that HCWD could withdraw the motion to amend and go forward with the March 18, 2014 hearing based on the current known and measurable adjustments to the test year in this case. HCWD could later file another rate case using either historical data or a forecasted test year.

Mr. Wilson indicated he would discuss with HCWD's Board of Commissioners the implications of going forward with the motion to amend. Mr. Wilson further indicated he would advise within two weeks if HCWD would be withdrawing the motion.

The conference then adjourned.

Attachments:

Attendance roster

cc: Parties of Record

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF HARDIN COUNTY WATER  
DISTRICT NO. 1 TO ADJUST ITS RATES FOR  
SEWER SERVICE

) CASE NO.  
) 2013-00050

Please sign in:

NAME	REPRESENTING
JIM BRUCE	HCWD1
DAVID WILSON	HCWD1
SCOTT SCHMUCK	HCWD1
Scott Lawless	PSC Staff
Thurston W. Koch	PSC Staff
GEORGE WAKIM	PSC
Mark Frost	PSC
Eddie Beavers	PSC
Ann Ramser	PSC
Jennifer Hans	by phone for AG office