

Goss ■ Samford PLLC



Attorneys at Law

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RECEIVED

NOV 13 2015

PUBLIC SERVICE
COMMISSION

November 13, 2015

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

VIA HAND DELIVERY

RE: *In re the Matter of: Joint Application of Knott County Water and Sewer, Inc. and Troublesome Creek Environmental Authority, Inc., for an Order Approving the Transfer of Ownership and Control of a Jurisdictional Asset - Case No. 2015-00301*

Dear Mr. Derouen:

Please find enclosed for filing with the Commission, in the above referenced case, an original and ten copies of Knott County Water and Sewer, Inc., and Troublesome Creek Environmental Authority, Inc.'s, Responses to Commission Staff's Request for Information from the October 19, 2015 Informal Conference.

Please return a file-stamped copy of these filings to my office.

Very truly yours,

L. Allyson Honaker

Enclosures

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NOV 13 2015

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**JOINT APPLICATION OF KNOTT COUNTY WATER)
AND SEWER, INC. AND TROUBLESOME)
CREEK ENVIRONMENTAL AUTHORITY, INC. FOR) CASE NO.
AN ORDER APPROVING THE TRANSFER OF) 2015-00301
OWNERSHIP AND CONTROL OF A JURISDICTIONAL)
ASSET)**

**RESPONSES TO COMMISSION STAFF'S OCTOBER 19, 2015 INFORMAL
CONFERENCE REQUEST FOR INFORMATION TO KNOTT COUNTY
WATER AND SEWER, INC., AND TROUBLESOME CREEK
ENVIRONMENTAL AUTHORITY, INC.**

**KNOTT COUNTY WATER AND SEWER, INC.
AND
TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY, INC.**

PSC CASE NO. 2015-00301

**PUBLIC SERVICE COMMISSION'S IC REQUEST FOR INFORMATION
DATED 10/19/15**

Knott County Water and Sewer, Inc., ("KCWSD") and Troublesome Creek Environmental Authority, Inc., ("TEA") hereby submit responses to the information requests of the Public Service Commission Staff ("PSC") in this case from the Informal Conference on October 19, 2015. Each response with its associated supportive reference materials is individually tabbed.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

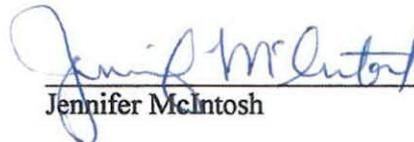
In the Matter of:

JOINT APPLICATION OF KNOTT COUNTY)
WATER AND SEWER, INC. AND)
TROUBLESOME CREEK ENVIRONMENTAL) CASE NO.
AUTHORITY, INC. FOR AN ORDER) 2015-00301
APPROVING THE TRANSFER OF)
OWNERSHIP AND CONTROL OF A)
JURISDICTIONAL ASSET)

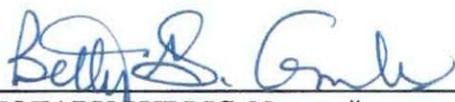
CERTIFICATE

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF KNOTT)

Jennifer McIntosh, Community Resources Planner/Water & Wastewater Planner with Kentucky River Area Development District, a consultant of Troublesome Creek Environmental Authority, Inc., being duly sworn, states that she has supervised the preparation of the responses of Knott County Water and Sewer, Inc. and Troublesome Creek Environmental Authority, Inc., to the Public Service Commission Staff's Requests for Information issued at the informal conference on October 19, 2015 in the above referenced case, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.


Jennifer McIntosh

The foregoing Certificate was signed, acknowledged and sworn to before me this 12th day of November, 2015, by Jennifer McIntosh.


NOTARY PUBLIC, Notary # _____
Commission expiration: November 18, 2017

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF KNOTT COUNTY)
WATER AND SEWER, INC. AND)
TROUBLESOME CREEK ENVIRONMENTAL) CASE NO.
AUTHORITY, INC. FOR AN ORDER) 2015-00301
APPROVING THE TRANSFER OF)
OWNERSHIP AND CONTROL OF A)
JURISDICTIONAL ASSET)

CERTIFICATE

COMMONWEALTH OF KENTUCKY)
COUNTY OF KNOTT)

Kyle Smith, Chief Financial Officer of Knott County Water and Sewer, Inc., being duly sworn, states that he has supervised the preparation of the responses of Knott County Water and Sewer, Inc. and Troublesome Creek Environmental Authority, Inc., to the Public Service Commission Staff's Requests for Information issued at the informal conference on October 19, 2015, and the second set of data requests issued on October 30, 2015, in the above referenced case, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.


Kyle Smith

The foregoing Certificate was signed, acknowledged and sworn to before me this 13 day of November, 2015, by Kyle Smith.


NOTARY PUBLIC, Notary # _____
Commission expiration: 02-13-16

**KNOTT COUNTY WATER AND SEWER, INC.
AND
TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY, INC.**

PSC CASE NO. 2015-00301

**PUBLIC SERVICE COMMISSION'S INFORMAL CONFERENCE REQUEST
FOR INFORMATION DATED 10/19/15**

REQUEST 1

RESPONSIBLE PERSON: Jennifer McIntosh and L.J. Turner
COMPANY: Kentucky River Area Development District
on TEA's behalf and Knott County Water and
Sewer, Inc.

Request 1. File a pro forma for the Highway 80 Project using both TEA's and KCWSD's currently tariffed rates for comparison purposes. Include the expected in-service date for this capital project.

Request 1.a. Please see the attached pro forma worksheet. The expected in-service date of the project is the fourth quarter of 2016.

Ball Creek WWTP Revenue Comparison

Based on 30 Customers

	TEA Tariff	KCWSO Tariff
Monthly Revenue	\$ 844.00	\$ 422.00
Monthly Expenses	\$ 5,528.81	\$ 5,528.81
	\$ (4,684.81)	\$ (5,106.81)

Based on 150 Customers Total

	TEA Tariff	KCWSO Tariff
Monthly Revenue	\$ 4,220.00	\$ 2,110.00
Monthly Expenses	\$ 5,528.81	\$ 5,528.81
	\$ (1,308.81)	\$ (3,418.81)

Revenue data based on 2014 reporting

**KNOTT COUNTY WATER AND SEWER, INC.
AND
TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY, INC.**

PSC CASE NO. 2015-00301

**PUBLIC SERVICE COMMISSION'S INFORMAL CONFERENCE REQUEST
FOR INFORMATION DATED 10/19/15**

REQUEST 2

RESPONSIBLE PERSON: Kyle Smith

COMPANY: Knott County Water and Sewer, Inc.

Request 2. Please provide a description of the measures which are currently employed, and which will be employed in the future, by KCWSD to conform its accounting practices to the uniform system of accounts for water utilities, and provide an estimate of the date by which this will be completed.

Response 2. KCWSD is diligently reviewing its policies and procedures related to its accounting practices. In 2013, KCWSD began implementing changes to its accounting practices and according to its latest audit, KCWSD is now in compliance with the uniform system of accounts. However, KCWSD will continue to review its policies and procedures related to its accounting practices and will make any necessary changes in order to remain in compliance.

**KNOTT COUNTY WATER AND SEWER, INC.
AND
TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY, INC.**

PSC CASE NO. 2015-00301

**PUBLIC SERVICE COMMISSION'S INFORMAL CONFERENCE REQUEST
FOR INFORMATION DATED 10/19/15**

REQUEST 3

RESPONSIBLE PERSON: Jennifer McIntosh
COMPANY: Kentucky River Area Development District
on TEA's behalf

Request 3. Create a spreadsheet containing a list of all expected expenses to be incurred by TEA for the next two years in order to keep itself financially and legally viable. Include the approximate amount of those expenses and use this spreadsheet to draft an amendment to the TEA/KCWSD Agreement of Sale and Transfer which provides that KCWSD will no longer pay the \$7500 stipend, but, instead, will pay for such listed expenses in amounts not to exceed the estimates.

Response 3. See attached spreadsheet and amendment to Agreement of Sale and Transfer.

**Troublesome Creek Environmental Authority
Estimated Budget By Calendar Year**

<u>Entity</u>	<u>Category</u>	<u>2014*</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Secretary of State	Dues		\$15.00	\$15.00	\$15.00
Intermountain Publishing Company	Advertising		\$38.50	\$38.50	\$38.50
Civitas Media LLC	Advertising		\$115.93	\$115.93	\$115.93
Troublesome Creek Times	Advertising		\$70.00	\$70.00	\$70.00
Chris Gooch	CPA (Accounting)		\$5,500.00	\$5,500.00	\$5,500.00
KACO	Board Insurance	\$512.59	\$1,015.00	\$1,116.50	\$1,228.15
KY Dept. of Revenue	Dues		\$50.00	\$50.00	\$50.00
IRS	Tax Penalty		\$480.00	\$0.00	\$0.00
DLG	Dues		\$500.00	\$500.00	\$500.00
Contingency	Contingency			\$750.00	\$750.00
Total		\$512.59	\$7,784.43	\$8,155.93	\$8,267.58
KCWSD Payment to TEA for WWTP Transfer		\$7,500.00	\$7,500.00	\$8,155.93	\$8,267.58
Remaining balance TEA to pay towards accounts		\$6,987.41	-\$284.43	\$0.00	\$0.00

*Original Agreement made October 14, 2014. One invoice was submitted and paid by KCWSD during that calendar year.

AMENDMENT TO AGREEMENT OF SALE AND TRANSFER

THIS AMENDMENT TO THE AGREEMENT OF SALE AND TRANSFER is made and entered into this 21st day of October, 2015, by and between **TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY, INC. ("TEA")**, a Public Corporation, **PARTY OF THE FIRST PART**, and **KNOTT COUNTY WATER AND SEWER, INC.**, a Kentucky non-profit corporation, **("KCW&S")**, **PARTY OF THE SECOND PART**,

WITNESSETH:

WHEREAS, the Parties are currently operating under an Agreement of Sale and Transfer dated October 1, 2014, ("the Agreement"), and

WHEREAS, implementation of Agreement has revealed an omission which the Parties now desire to remedy,

NOW, THEREFORE, in consideration of \$1.00 cash in hand paid, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

- (1) Article 8 Payment of the original Agreement states:

8. Payment: KCW&S declares that it is crucial to financially support TEA, so the Highway 80 Corridor sewer line project can be completed. Starting with the date of this Agreement, KCW&S shall pay a stipend not to exceed \$7,500.00 per year to TEA. These payments are earmarked for corporate governance purposes which are necessary for TEA to maintain its good standing as a public corporate entity. Such cost includes, Secretary of State annual fees, Audit of Finances by CPA, other dues and fees, Directors Insurance and publication notices. This stipend will be paid on a draw basis. TEA will present a copy of the particular bill to KCW&S who in turn will issue funds to TEA for payment.

This stipend is deemed to be a draw against the total yearly amount, so if any portion is unused, there will be no carry forward of unused funds into the next year. The yearly stipend will continue for two years or until the Highway 80 sewer project is completed.

Article 8 is hereby amended to add:

TEA agrees to prepare a spreadsheet of recognized and expected corporate governance expenses over a two-year period to be attached to this Amendment within ten days . Once the expense spreadsheet is presented, then KCW&S is obligated to pay only those listed expenses and is relieved of the obligation to pay \$7,500 stipend. Both Parties agree that the obligation by KCW&S to pay the spreadsheet expenses shall be for two years, beginning with the date of this Amendment.

All other provisions set out in the original Agreement remain in full force and effect.

IN WITNESS WHEREOF, the Parties have hereunto set their hand this day and date aforesaid.

PARTY OF THE FIRST PART:

**TROUBLESOME CREEK ENVIRONMENTAL
AUTHORITY, INC.**

By: _____

Title: _____

PARTY OF THE SECOND PART:

KNOTT COUNTY WATER AND SEWER, INC.

By: _____

Title: _____

COMMONWEALTH OF KENTUCKY

COUNTY OF Kerry

I, Betty G. Combs, a notary public in and for the County and State aforesaid, do certify that the foregoing Amendment to Agreement of Sale and Transfer between Troublesome Creek Environmental Authority, Inc. and Knott County Water and Sewer, Inc., was this day produced to me, and duly acknowledged before me, in said County, by Don Gibson, personally known to me to be the Chairman of Troublesome Creek Environmental Authority, Inc., to be the act and deed of said corporation and of him self as Chairman thereof, hereunto duly authorized.

Given under my hand, this 27th day of October, 2015.

My commission expires: November 18, 2017.

Betty G. Combs
NOTARY PUBLIC

Notary I.D. No. _____

COMMONWEALTH OF KENTUCKY

COUNTY OF Floyd

I, Carl Baker, a notary public in and for the County and State aforesaid, do certify that the foregoing Amendment to Agreement of Sale and Transfer between Troublesome Creek Environmental Authority, Inc. and Knott County Water and Sewer, Inc., was this day produced to me, and duly acknowledged before me, in said County, by Dale Hamilton, personally known to me

to be the Vice Chairman of Knott County Water and Sewer, Inc., to be the act and deed of said corporation and of him self as Vice Chairman thereof, hereunto duly authorized.

Given under my hand, this 27th day of October, 2015.

My commission expires: 3-17-18.

Karl Baker
NOTARY PUBLIC

Notary I.D. No. 507840

KARL W. BAKER
NOTARY PUBLIC
STATE AT LARGE, KENTUCKY
COMM. #507840
MY COMMISSION EXPIRES MARCH 17, 2018

**KNOTT COUNTY WATER AND SEWER, INC.
AND
TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY, INC.**

PSC CASE NO. 2015-00301

**PUBLIC SERVICE COMMISSION'S INFORMAL CONFERENCE REQUEST
FOR INFORMATION DATED 10/19/15**

REQUEST 4

RESPONSIBLE PERSON: L.J. Turner

COMPANY: Knott County Water and Sewer, Inc.

Request 4. Please provide the current wastewater certification for Timothy Reed.

Response 4. Please see attached.



KY Department for Environmental Protection

Online Searches	Online Reports	Help
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Timothy D Reed		
Agency ID:	26764	Regulatory Status: Active
AI Type:	LICENSE-Person	Physical Address
County:	Letcher	PO Box 153 Red Fox, KY 41847

License(s)

WW Treatment II	24765	Active	06/30/2017	Can not pay
DW Treatment IVA	24590	Active	06/30/2016	Can not pay
DW Distribution III	2237	Active	06/30/2016	Can not pay
DW Treatment IIIA	401	Upgraded	06/30/2012	Can not pay



KY Department for Environmental Protection

Online Searches	Online Reports	Help
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Michael Jacobs		
Agency ID:	118388	Regulatory Status: Active
AI Type:	LICENSE-Person	Physical Address
County:	Knott	3970 Spruce Pine Rd Pippa Passes, KY 41844

License(s)

WW Collection II	25762	Active	06/30/2017	Can not pay
WW Treatment II	28185	Active	06/30/2017	Can not pay

**KNOTT COUNTY WATER AND SEWER, INC.
AND
TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY, INC.**

PSC CASE NO. 2015-00301

**PUBLIC SERVICE COMMISSION'S INFORMAL CONFERENCE REQUEST
FOR INFORMATION DATED 10/19/15**

REQUEST 5

RESPONSIBLE PERSON: Chris Gooch

COMPANY: Outside CPA for TEA

Request 5. Please provide information regarding the payoff of the Kentucky Infrastructure Authority loan.

Response 5. Please see attached. This loan was paid off during the fiscal year ending June 30, 2014.

Chris Gooch
Certified Public Accountant
P.O. Box 1536
Hazard, Kentucky 41702
(606) 436-5700 FAX: (606) 436-5701
chrisgooch@chrisgoochcpa.com

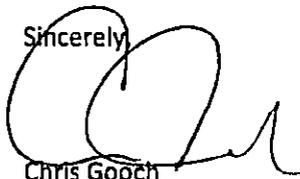
November 2, 2015

Jennifer McIntosh
Community Resources Planner
Troublesome Creek Environmental Authority
PO Box 239
Hazard, Kentucky 41702

Dear Jennifer:

As we discussed by phone last week, I have reviewed documents from the Kentucky Department of Local Government indicating funding sources were remitted to Troublesome Creek Environmental Authority via Knott County Fiscal Court for Coal Severance Line Item Project ID A199 to use in paying the remainder of debt owed Kentucky Infrastructure Authority. Records indicate the debt was paid off in its entirety in Troublesome Creek's fiscal year ended June 30, 2014. Please let me know if you have additional questions.

Sincerely,



Chris Gooch
Certified Public Accountant



TroublesomeCreek
ENVIRONMENTAL AUTHORITY

c/o KRADD
917 Perry Park Road, Hazard, Kentucky 41701
Phone: (606) 436-3158 Fax: (606) 436-2144

July 9, 2013

Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, KY 40601

Re: A209-43 Loan Payment

Dear Sirs:

Enclosed please find check # 1383 in the amount of \$224.21, representing payoff of the above listed loan, submitted on behalf of the Troublesome Creek Environmental Authority.

If you have questions, or require additional information, please feel free to contact me.

Sincerely,

Jennifer McIntosh by AK
Jennifer McIntosh

Enclosures



KENTUCKY INFRASTRUCTURE AUTHORITY

1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
Phone (502) 573-0260
Fax (502) 573-0157
<http://kia.ky.gov>

Steven L. Beshear
Governor

John E. Covington III
Executive Director

June 18, 2013

RECEIVED
JUN 20 2013

JUN 20 2013

TO: JENKINS

Mr. Lewis H. Warrix
Troublesome Creek Environmental Authority
917 Perry Park Road
Hazard KY 41701

Re: A209-43 Loan Payment

Dear Mr. Warrix:

We received your payment in the amount of \$37,367.07 on May 14, 2013 for loan A209-43. We have applied the amount to the payment that was due June 1, 2013 with the remaining being applied to principal. This leaves a principal balance on the loan of \$224.21. If your intention was to pay off the loan before the end of the fiscal year, please remit this amount, along with a copy of this letter to:

USBank CT- Louisville – KY
P.O. Box 589
LB Loc 3422
Covington KY 41012-0589

Please contact me if you have any questions regarding this matter.

Sincerely,

Denise Pitts, CPA
Treasurer

Enclosure