

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY )  
WATER DISTRICT FOR ACCREDITATION AND ) CASE NO. 2009-00084  
APPROVAL OF WATER COMMISSIONER )  
TRAINING )

O R D E R

Northern Kentucky Water District ("NKWD") has applied to the Commission for accreditation of nine "in-house" water management training presentations. At issue is whether the subject matter of these presentations is appropriate for accreditation. After review of the application, we deny accreditation to six of the presentations.

NKWD is the largest and oldest water district in the state of Kentucky. It provides water service to approximately 80,386 customers in Boone, Campbell, Grant, Kenton, and Pendleton counties.<sup>1</sup> A six-member board of commissioners administers the water district. Each commissioner is currently authorized an annual salary of \$3,600, but may receive an additional \$2,400 annually if he or she attends six instructional hours of approved water district management training.<sup>2</sup>

Prior to 1998, KRS 74.020 limited the annual salary of water district commissioners to \$3,600. Wishing to raise this amount to better compensate water district commissioners for their increased responsibilities and liabilities and desiring a

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<sup>1</sup> *Report of Northern Kentucky Water District to the Kentucky Public Service Commission for the Calendar Year Ending December 31, 2007* at 5 and 27.

<sup>2</sup> *Id.* at 6.

mechanism to improve the management skills and knowledge of water district commissioners, the General Assembly amended KRS 74.020 to provide an incentive for water district commissioners to attend management training annually. It authorized an increase from \$3,600 to \$6,000 in the maximum annual salary for a commissioner who attended six hours of water district management training annually.<sup>3</sup>

The General Assembly entrusted responsibility for the management and certification of water district management training to the Public Service Commission. Two specific missions were assigned to the Commission. First, the Commission was to “be responsible for the regulation of all water district management training programs for commissioners of water districts.”<sup>4</sup> Second, the Commission was to “encourage and promote the offering of high-quality water district management training programs that enhance a water district commissioner’s understanding of his or her responsibilities and duties.”<sup>5</sup> As part of the second mission, the Commission was directed to establish standards and procedures to evaluate, accredit, and approve water district management training programs. In response to the second mission, the Commission promulgated 807 KAR 5:070.

NKWD has applied to the Commission for nine hours of training that will be provided to its commissioners during meetings of its board of commissioners during 2009. The date, subject matter, length, and name of the instructor of this training are set forth in Table I. In each instance, NKWD will provide the presentation either during or immediately after its Board of Commissioners meeting. NKWD employees will

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<sup>3</sup> 1998 Ky. Rev. Stat. & R. Serv. 228-229.

<sup>4</sup> KRS 74.020(7)(b).

<sup>5</sup> KRS 74.020(7)(c).

conduct most of these presentations. The presentations are within the subject matter areas set forth in 807 KAR 5:070 and are open to the public.

<b>TABLE I</b>					
<b>Date</b>	<b>Number of Credit Hours</b>	<b>Instructor</b>	<b>Sponsor</b>	<b>Name</b>	<b>Summary of Content</b>
03/30/2009	1	Julie Roney Kentucky Division of Water	NKWD	Drinking Water Update	Presentation on recent revisions to state and federal drinking water regulations and changes in the organization of Kentucky Division of Water.
04/16/2009	1	Robert F. Wierzbicki Jordan, Jones & Goulding, Inc.	Jordan, Jones & Goulding, Inc.	Construction Contract Administration	Presentation on construction management issues and processes, including procedures, workflows, technology, and scheduling.
05/21/2009	1	Jeff Floyd Kentucky Employers' Mutual Insurance	Kentucky Employers' Mutual Insurance	Workers' Compensation Overview	An overview of the Kentucky Employers' Mutual Insurance Compensation program and its components.
06/18/2009	1	Sara Chasteen Project Manager for Utility Metering – Badger Meter, Inc.	Badger Meter, Inc.	Radio Frequency Meter Reading – Now and Future	Presentation provides an update of the Northern Kentucky Water District automated meter reading installation project and addresses management of meter data, improved customer service, and projected changes in technology.
07/16/2009	1	Ryan Barrow VP of Public Finance Ross, Sinclair & Associates	Ross, Sinclair & Associates	Bond Rating Process	An overview of the bond rating process, including rating definitions, agencies, criteria, impact to pricing, and areas of concern and focus.
08/20/2009	1	Jack Bragg VP Finance (NKWD) Bari Joslyn VP Water Quality (NKWD) Richard Harrison VP Engineering (NKWD) Mark Lofland VP Account Services (NKWD) Bob Buhrlage Human Resource Manager (NKWD)	NKWD	Benchmarking Update	Presentation provides an update on NKWD's benchmarks, including the areas of finance, production, engineering, account services, and human resources.
09/17/2009	1	Nick Winnike, P.E. Project Manager CH2M Hill	CM2MHill	UV Advanced Oxidation	Presentation on the applications, issues, considerations, and value of UV advanced oxidation for NKWD.
10/15/2009	1	Jack Bragg VP Finance (NKWD)	NKWD	Proposed Budget 2010	Presentation on NKWD's proposed budget for 2010. It will outline the general funding sources, general budget process, and 2010 budget request for revenue, debt service, operations and maintenance, operating capital, and five-year capital projects.
11/19/2009	1	Jill Grever Cahill Consultant, NKWD	NKWD	AquaVenture 2009	Presentation on the objectives and activities of NKWD's Education and Communication Committee.

Administrative Regulation 807 KAR 5:070 is silent on “in-house” programs – programs that are completely conducted by water district employees or personnel who perform professional services under contract for the water district. In Case No. 2007-00387,<sup>6</sup> the Commission held that “in-house” programs should not be denied accreditation solely because water district employees or retained professionals conduct the training. It expressed concerns, however, about such training:

Commission accreditation of in-house training programs raises several concerns. First, because of the relationship between the instructors and the attendees, the use of in-house training programs is more susceptible to abuse and more difficult to administer. Second, allowing such programs undercuts the purpose of HB 75, which was intended to encourage water district commissioners to seek educational opportunities that were not already available. Water district commissioners already must question and demand information from their water district’s employees and retained professionals to perform their duties. Accrediting this routine practice would allow certain water districts to increase the compensation of their commissioners without the extra training that the statute demands. Third, it places small water districts with smaller staffs at a disadvantage by requiring their commissioners to attend outside training programs while larger water districts can conduct such training with their existing employees and contract professionals.<sup>7</sup>

To address these concerns, the Commission directed that 807 KAR 5:070 be reviewed and revised to contain specific requirements on in-house training activities and to provide for greater accountability on the content of all training programs. It further instructed Commission Staff to increase the number and expand the subject matter of

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<sup>6</sup> Case No. 2007-00387, *Application of Northern Kentucky Water District for Accreditation and Approval of Training for Water District Commissioners* (Ky. PSC Feb. 28, 2008).

<sup>7</sup> *Id.* at 4.

the training programs that it currently provides. The review of 807 KAR 5:070 is ongoing.

NKWD's application presents the following issue: Are the proposed training presentations appropriate for accreditation?

The Commission finds that six of the proposed programs involve only limited training and are more concerned with aspects of NKWD's management and operation. These programs are: "Workers' Compensation Overview"; Radio Frequency Meter Reading – Now and Future"; "Benchmarking Update"; "UV Advanced Oxidation"; "Proposed Budget – 2010"; and "Aqua Venture 2009." In each program, a significant portion of the presentation appears devoted to summarizing and reviewing aspects of NKWD's operations. Each is designed less to provide general training or information related to water system management and operation than to provide a status report on NKWD's operations. While such presentations may be useful to NKWD's Board of Commissioners, they are part of a routine management and oversight process and should not be accredited.

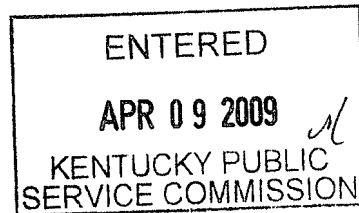
IT IS THEREFORE ORDERED that:

1. The presentations "Drinking Water Update," "Construction Contract Administration," and "Bond Rating Process" are each approved for a maximum of 1.0 credit hour.
2. The remaining presentations listed in NKWD's application are denied accreditation.

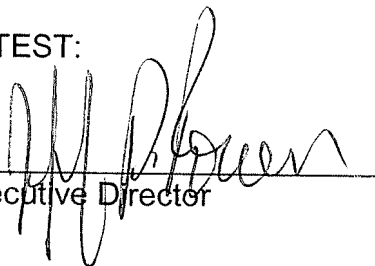
3. NKWD shall retain a record of all persons attending the approved courses of instruction.

By the Commission

Vice Chairman Gardner Abstains.



ATTEST:

  
Executive Director

Honorable John N Hughes  
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