

Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet



Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

James W. Gardner
Chairman

Daniel E. Logsdon Jr.
Vice Chairman

November 6, 2015

PARTIES OF RECORD

Re: Case No. 2015-00301

Attached is a copy of a memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum, please do so within five days of receipt of this letter. Any questions regarding this memorandum should be directed to David Spenard, Commission Staff Attorney, at (502) 782-2580.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

DES/ph

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2015-00301
FROM: David Spenard, Staff Attorney
DATE: November 6, 2015
RE: Informal Conference of October 19, 2015

Pursuant to the Commission Staff's October 14, 2015 notice, an informal conference was held in this matter on October 19, 2015, to discuss the status of and issues in this case. Attending the conference were:

David Spenard	-	Commission Staff
John B. Park	-	Commission Staff
Sam Reid	-	Commission Staff
Scott Lawless	-	Commission Staff
James Rice	-	Commission Staff
Mark Frost	-	Commission Staff
Mark Rasche	-	Commission Staff
James Childers	-	Knott County Water and Sewer, Inc.
Ron Johnson	-	RMJE, Engineer
Don Gibson	-	Troublesome Creek Environmental Authority, Inc.
L. J. Turner	-	Knott County Water and Sewer, Inc.
Jennifer McIntosh	-	Ky River Area Development District
Mark Goss	-	Goss Samford (Counsel for Joint Applicants)

At the start of the conference, Mr. Spenard stated that Commission Staff ("Staff") would prepare minutes of the conference for the case record, that a copy of the minutes would be provided to all parties, and that all parties would be given an opportunity to submit written comments upon those minutes. Mr. Spenard stated that the views of Staff were not binding on the Commissioners.

Staff provided a summary of the procedural history of the case. Knott County Water and Sewer, Inc., d/b/a Knott County Water and Sewer District and Troublesome Creek Environmental Authority, Inc. (individually "Knott District" and "TEA"; collectively the "Joint Applicants") have filed for Commission approval of the transfer of the ownership and control of a jurisdictional asset from TEA to Knott District. Staff stated

that the Commission must render a decision in this matter on or before December 30, 2015, the date of the statutory deadline for a decision.

Staff and the Joint Applicants discussed: The Joint Applicants' response to the Commission's Initial Request for Information, Item 4(a), concerning a Kentucky Infrastructure Authority loan; a stipend that Knott County Water and Sewer, Inc. proposes to pay to Troublesome Creek Environmental Authority, Inc.; and a project known as the "HWY 80 project."

During the discussions, Staff expressed a concern that Knott District's current revenues from its sewer operations may not be sufficient to cover Knott District's cost of sewer operations. Staff also expressed concerns regarding the stipend payment and stated that the stipend could be construed as a contribution or donation unrelated to the provision of utility service. Staff also indicated the need for information concerning the HWY 80 project and addressed TEA's accounting treatment for the project. Staff also discussed issues concerning TEA's customer count.

The Joint Applicants stated that TEA's ability to move forward on the HWY 80 project is contingent upon the transfer of the jurisdictional asset that is the subject of this application. The HWY 80 project is scheduled to add approximately 120 to 150 homes, and TEA will eventually transfer the HWY 80 project to Knott District. The Joint Applicants indicated that TEA is functioning as an administrator for the HWY 80 project, and the stipend payments are associated with allowing TEA to continue to exist. The Joint Applicants stated that payment of the stipend would cease upon approval of funding for the HWY 80 project.

The Joint Applicants stated that they would file additional information into the record including, the current certification for Knott District's licensed wastewater treatment plant operator, pro forma information for the HWY 80 project and a list of TEA expenses for the next two years. The Joint Applicants stated that they would consider the concerns expressed by Staff regarding the stipend and might amend the agreement in order to address those concerns. The Joint Applicants indicated that they would file the information as quickly as possible and anticipated that two weeks was a reasonable amount of time. The Joint Applicants stated they had no interest in a formal hearing on their application.

There being no further business, the informal conference adjourned.

Attachment

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 AN ORDER)	CASE NO. 2015-00301
APPROVING THE TRANSFER OF OWNERSHIP)	
AND CONTROL OF A JURISDICTIONAL ASSET)	

SIGN IN

October 19, 2015

PERSON

REPRESENTING

<u>David Blum A Special</u>	<u>Commission Staff</u>
<u>Scott Lawless</u>	<u>" "</u>
<u>Sam Reid</u>	<u>" "</u>
<u>James Rice</u>	<u>" "</u>
<u>John B. Park</u>	<u>" "</u>
<u>James Childers</u>	<u>KCWSD CHAIRMAN</u>
<u>FORBENSON</u>	<u>PMVE - ENGINEER</u>
<u>Don GIBSON</u>	<u>TEA - CHAIRMAN</u>
<u>L.J. Turner</u>	<u>KCWSD - Manager</u>
<u>Jennifer McIntosh</u>	<u>KY River ADD</u>
<u>Mark Fyfe</u>	<u>Commission Staff</u>
<u>Mark Bow</u>	<u>Goss Sampford attys for</u>
	<u>KCWSD & TEA.</u>

2015-00301
October 19, 2015

page 2 of 2

Mark Rasche

Commission Staff

*Mark David Goss
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504

*Knott County Water & Sewer District
7777 Big Branch Road
Vicco, KY 41773

*Troublesome Creek Environmental Authority, Inc.
917 Perry Park Road
Hazard, KY 41701