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Daniel E. Logsdon Jr.
Commissioner

November 18, 2016

PARTIES OF RECORD

Re: Case No. 2016-00338

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.

If you have any questions, please contact Jennifer Fell, Commission Staff Attorney, at 502-782-2585.

Sincerely,

A handwritten signature in blue ink that reads "Talina R. Mathews".

Talina R. Mathews
Executive Director

JLF/ph

Attachments

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2016-00338

FROM: Jennifer Fell, Staff Attorney *JF*

DATE: November 18, 2016

RE: Informal Conference of November 16, 2016

Pursuant to the Commission's November 15, 2016 Order, an informal teleconference was held in this matter on November 16, 2016. Attached is a copy of the attendance roster.

Commission Staff began the meeting by noting that the views of Commission Staff are not binding on the Commission or the Commissioners. Staff further noted that the purpose of the conference was to discuss the show cause proceeding against Wood Creek Water District and its individual commissioners; Glenn Williams, Early Bailey, and Jimmy Keller (collectively, "Wood Creek"). Giving rise to the show cause proceeding is Wood Creek's failure to obtain approval for financing in excess of the amount authorized by Commission Order in Case No. 2014-00440.

Commission Staff and Wood Creek discussed the failure on Wood Creek's part to obtain approval for the final amount of financing, which was in excess of the amount authorized by the Commission in Case No. 2014-00440. Wood Creek asserted that there was no intentional or willful act on their part, rather, there was a good faith reliance on their bond counsel for guidance during the refinance, and an inadvertent mistake or omission on their part to obtain further Commission approval for the excess amount ultimately refinanced.

Bond counsel who represented Wood Creek in the underlying refinance, W. Randall Jones, stated during the teleconference that timing is an issue in financing cases, and explained that subsequent to the Commission's Order granting approval for refinancing, a bond sale is held, and subsequent to that sale, a financial advisor performs a review to calculate the savings realized by a water district. It is after this process that a water district ultimately gives its approval for the final amount of refinancing. Mr. Jones also expressed his belief that there was simply an inadvertent omission on Wood Creek's part to obtain additional approval from the Commission for the excess amount of refinancing subsequent to the Commission's Order in 2014-00440.

Commission Staff discussed possible outcomes of the show cause action with Wood Creek and invited any potential stipulated agreement from Wood Creek in an

effort to resolve this matter. No agreement was reached between Wood Creek and Commission Staff. Wood Creek was informed that they will have an opportunity to file a response to this memorandum, and should include in their response whether they wish to hold a hearing, waive their right to hearing, or wish to present a stipulated agreement to Commission Staff.

There being no further issues to discuss, the conference was adjourned.

Attachment

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

WOOD CREEK WATER DISTRICT AND ITS)
INDIVIDUAL COMMISSIONERS, GLENN) CASE NO.
WILLIAMS, EARL BAILEY, AND JIMMY KELLER) 2016-00338
ALLEGED FAILURE TO COMPLY WITH KRS)
278.300(1))

SIGN IN

November 16, 2016

PERSON

REPRESENTING

Jennifer Fell

PSC - Legal

Sam Reid

PSC

Scott Lawless

PSC

Larry Bryson

Counsel - Wood Creek Water District

Glenn Williams

Wood Creek Water District

Earl Bailey

Wood Creek Water District

David Spensal

PSC Legal

Donte Evans

Wood Creek Water District

Randy Jones

Rubin + Hays

Jimmy Keller

Wood Creek Water District

Dewayne Lewis

Wood Creek Water District

Jimmy Keller
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