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Michael J. Schmitt
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Talina R. Mathews
Commissioner

February 11, 2019

PARTIES OF RECORD

Re: Case No. 2018-00291

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 Nancy Vinsel, Assistant General Counsel, at 502-782-2582.

Sincerely,

A handwritten signature in blue ink that reads "Gwen R. Pinson".

Gwen R. Pinson
Executive Director

njv

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2018-00291

FROM: Nancy J. Vinsel, Assistant General Counsel

DATE: February 11, 2019

RE: Informal Conference of February 8, 2019

Pursuant to an Order issued on January 22, 2019, an informal conference ("IC") was conducted on February 8, 2019. Attached is a copy of the attendance roster.

The purpose of the IC was to discuss procedural and hearing issues, outstanding discovery, or the need for supplemental information and any other matters that may assist in the facilitation of this case.

Commission Staff (Staff) provided Northern Kentucky Water District (Northern Kentucky District) representatives with a written list of requests for additional information, which is attached to this memo. Northern Kentucky District representatives responded to the requests and agreed to file the written responses to the requests for information with the Commission on or before Tuesday, February 12, 2019.

In responses to Staff's discussion regarding the language of pending tariffs, Northern Kentucky District indicated it would file a motion to withdraw certain tariffs from consideration in this proceeding and refile as a separate tariff filing.

Staff discussed that only the Commissioners could make a determination whether to go forward with the February 27, 2019 evidentiary hearing or to convert the hearing to a public comment hearing, with the case submitted for a decision on the written record. Northern Kentucky District indicated it would file a motion to submit the case on the written record.

There being no further discussion, the IC was then adjourned.

cc: Parties of Record

COMMISSION STAFF'S INFORMAL CONFERENCE REQUEST FOR INFORMATION
TO NORTHERN KENTUCKY WATER DISTRICT
IN CASE NO. 2018-00291

1. Refer to Exhibit M, Proposed Tariff Sheet No. 16, paragraph number 2, regarding the enlargement of a service connection upon request from customers.
 - a. Explain the purpose of and rationale for the proposed revisions.
 - b. State whether the revisions clarify Northern Kentucky District's policy regarding the enlargement of a service connection or whether the revisions actually change Northern Kentucky District's policy.
 - c. Explain what is included in the cost of the new service.
 - d. Explain why the following is being removed from the tariff: "...shall not exceed the cost of a new service connection installation for the applicable enlarged service size."

2. Refer to Exhibit M, Proposed Tariff Sheet No. 17, paragraph number 6, regarding the relocation of an existing water service upon request from customers.
 - a. Explain the purpose of and rationale for adding this language to the tariff.
 - b. Explain why a customer requesting relocation of an existing water service who agrees to Northern Kentucky District's desired placement of the relocated service should only be charged the amount of a new service connection when a customer who requests to have water service relocated to a location that differs from Northern Kentucky District's recommended location has to pay 100% of the cost to relocate the service.

3. Refer to Exhibit M, Proposed Tariff Sheet Nos. 44-45, 48-50, and 54.
 - a. Explain why Northern Kentucky District has a separate Water Service Contract when it also has New Service Application Forms.
 - b. Explain whether customers must fill out both forms.
4. Refer to the Application, Exhibit X and Northern Kentucky District's response to Commission Staff's Third Request for Information (Staff's Third Request), Item 1, regarding material sold.
 - a. Explain whether funds received from customers for labor/materials and supplies on new taps 1 1/2 inch or greater, and reconnections of abandoned service are recorded as contributed capital or as revenue.
 - b. Explain whether funds received from customers for labor/materials and supplies on new taps 1 1/2 inch or greater, and reconnections of abandoned service are included as revenue in the test period.
5. Provide copies of the employee evaluation form and explain the metrics used in determining whether an employee receives a salary increase.
6. Explain the threshold for payment of excess vacation payout.
7. Describe compensation paid to and benefits received by Northern Kentucky District commissioners in addition to the annual salary provided pursuant to KRS 74.020(6).
8. Refer to Exhibit N Schedule F, the three-block volumetric charge. Explain elements of the COSS that support the first block percentage increase of 5.3 percent, to be lower compared to the other volumetric blocks.

9. Explain whether a cost benefit analysis has been conducted to analyze whether benefits from Northern Kentucky District's future capital projects identified in Schedule R of its Application for 2020 through 2022 are equal to or outweigh the costs to finance the capital budget.

10. Refer to Northern Kentucky District's response to Staff's Third Request, Item 17, regarding efforts to reduce line loss, including conducting leak detection surveys that cost \$231,914 and detected \$169,296 in lost water costs between 2010 and 2018. Explain whether Northern Kentucky District completed its evaluation of the results of the leak detection surveys and, if so, any changes that Northern Kentucky District will implement to its leak detection program.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC APPLICATION OF NORTHERN)
KENTUCKY WATER DISTRICT FOR AN) CASE NO.
ADJUSTMENT OF RATES; ISSUANCE OF) 2018-00291
BONDS; FINANCING; AND TARIFF REVISIONS)

February 8, 2019 Informal Conference

Please sign in:

NAME	REPRESENTING
<u>May Vinsel</u>	<u>PSC-Legal</u>
<u>Ariel Miller</u>	<u>PSC-Financial Analysis</u>
<u>Sam Reid</u>	<u>PSC-FA</u>
<u>Jack Hughes</u>	<u>NKWD</u>
<u>Amy Kramer</u>	<u>NKWD</u>
<u>Ron Lovan</u>	<u>NKWD</u>
<u>Lindsey Reckitt</u>	<u>NKWD</u>
<u>Stacey Kampsen</u>	<u>NKWD</u>
<u>Kim Clemons</u>	<u>NKWD</u>
<u>Alex Mattingly</u>	<u>NKWD Legal</u>
<u>Jim Stevens</u>	<u>PSC-FA</u>
<u>Sarah Jankowski</u>	<u>PSC-FA</u>
<u>William M Folly</u>	<u>PSC-FA</u>
<u>Constance Heppenstall</u>	<u>NKWD</u>

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