



Andy Beshear
Governor

Rebecca W. Goodman
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

Michael J. Schmitt
Chairman

Kent A. Chandler
Vice Chairman

Talina R. Mathews
Commissioner

March 22, 2021

PARTIES OF RECORD

Re: Case No. 2019-00041

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 Brittany H. Koenig, Staff Attorney at Brittany.Koenig@ky.gov.

Sincerely,

A handwritten signature in blue ink that reads "Linda C. Bridwell".

Linda C. Bridwell
Executive Director

BHK

Attachment

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2019-00041, Cawood Water District

FROM: Brittany Koenig, Staff Attorney

DATE: March 22, 2021

RE: Informal Conference of March 17, 2021

Pursuant to Commission Staff's (Staff) Notice of Informal Conference (IC) filed into the record on March 8, 2021, an IC was held in this matter on March 17, 2021 via video conference. Grant Cooper, General Manager of Cawood Water District (Cawood District) and Mark David Goss, counsel for Cawood District, participated in the conference with Commission Staff (Staff). Howard Farmer and Tim Rice of Cawood Water District's board of commissioners participated on behalf of Cawood District, as well. Mike West participated on behalf of the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (Attorney General). Ariel Miller, Sam Reid, Erin Donges, Roy Gray and Brittany Koenig participated on behalf of the Commission.

Ms. Koenig began the meeting by advising representatives of Cawood District that notes would be taken during the conference and that Staff would prepare and enter into the record a memorandum regarding the conference. Ms. Koenig further advised that the participants would have five days after the memorandum is entered into the record to file comments on the memorandum.

Mr. Goss began by explaining that the utility and its board of commissioners have worked very hard to comply with the Commission's November 22, 2019 Order. Staff started by noting the progress Cawood District has made in reducing its water loss. Cawood District opined that the water loss has improved because it located two significant leaks and a few service line leaks.

Staff went over the documents filed by Cawood District on November 2, 2020. Cawood District filed something in response to each item listed in Appendix B of the November 22, 2019 Order. Appendix B ordered Cawood District to file: a. A revised leak adjustment policy; b. Its 2018 audit and annual report; c. The results of the tests of its meters that are ten years old or older or in the alternative, obtain and provide estimates to replace those meters; d. A meter testing schedule; e. Documentation of fire department water usage; f. A standard written procedure for when there is a line break due to excavation damage that ensures that line break repairs are charged to the appropriate offender; g. A written policies and procedures manual; h. A written safety training schedule; i. A written policy regarding theft of water service; and j. The results of a comprehensive water audit. Cawood District filed a document in response to each of the items listed in Appendix B. Staff went through each submission. Staff pointed out that

the submitted leak adjustment policy is discriminatory as it is and will need to be revised. Staff pointed out the Asset Management Program needs some detail and that a resource may be to contact Kentucky Rural Water Association (KRWA) for help with the elements to fortify the mission statement Cawood District filed. Staff asked that some organization and detail be added to the preventative maintenance program like where the records of maintenance and condition notes will be kept. Staff confirmed with Mr. Cooper that the examples of valve records forms are actually being kept.

Staff requested clarification on the general recommendations given to all parties of Case No. 2019-00041 on pages 6-7 of the November 22, 2019 Order. Staff asked about the progress Cawood District has made on getting zone meters and Mr. Cooper explained that he has the system broken into three zones, which are not metered yet. Each has a meter pit to test each one. Mr. Cooper said that the utility uses a master valve and listens for leaks. He said that he has workers doing the leak detection every day, however Staff suggested checking the zones more often. Mr. Cooper gave an estimate for a time line when he will be able to add leak detection equipment to the meters and he said June or July.

Staff asked for an update to mapping the system, which was mentioned during the hearing. Mr. Cooper said that Cumberland Valley AD helped to use GPS all the valves and all of the lines. Mr. Cooper has not been able to get registered for the management training program through KRWA, however he has obtained his Class I certification and is currently working on his Class II certification. Staff made note of how much they appreciate Mr. Cooper's efforts which make inspections go better and have clearly improved the utility's operations.

Staff advised Cawood District to contact Daniel Hinton and gave contact information regarding submitting a new leak adjustment policy. Mr. Rice inquired as to how long the utility should retain records. Staff advised that they would provide a standard reference for best business practices to retain certain records. (Staff provided a copy of a reference document from NARUC for retaining records for utilities to Cawood's counsel after the meeting.) Mr. Rice inquired about the process of completing an ARF Form 3 to declare a conflict of interest because his daughter represented a company that the utility voted to conduct business with. Mr. Rice explained that he abstained from voting on the action. Staff advised that he should keep transparent records and not vote on that subject, but that he does not need to submit the form until the utility applies for a rate change. Additionally, Mr. Rice's welding company occasionally does work for the utility. Staff advised that Mr. Rice should keep very clear records and maintain those with the board records, however he would declare that conflict of interest and submit the required records during a rate case as well. Mr. Goss said that he could advise Mr. Rice further on maintaining transparent records.

Staff asked Cawood District to give feedback on the process at the Commission and what they felt helped or held-up the utility making progress. Mr. Goss said that Mr. Cooper and Cawood's board of commissioners have worked very hard to get Cawood going in a better direction. There being no further business, the informal conference adjourned.

*Estill County Water District #1
Estill County Water District #1
76 Cedar Grove Road
Irvine, KY 40336

*Honorable Earl Rogers III
Attorney at Law
Campbell & Rogers
154 Flemingsburg Road
Morehead, KENTUCKY 40351

*Cawood Water District
Cawood Water District
54 Plant Road
P. O. Box 429
Cawood, KY 40815

*L Allyson Honaker
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504

*Erica Stacy Stegman
Campbell & Rogers
154 Flemingsburg Road
Morehead, KENTUCKY 40351

*West Carroll Water District
West Carroll Water District
900 Clay Street
P. O. Box 45
Carrollton, KY 41008

*Big Sandy Water District
Big Sandy Water District
18200 Kentucky Route #3
Catlettsburg, KY 41129

*Eastern Rockcastle Water Association
Eastern Rockcastle Water Association, Inc.
9246 Main Street
Livingston, KY 40445

*Hyden-Leslie County Water District
Hyden-Leslie County Water District
356 Wendover Road
Hyden, KY 41749

*Honorable Damon R Talley
Attorney at Law
Stoll Keenon Ogden PLLC
P.O. Box 150
Hodgenville, KENTUCKY 42748

*M. Evan Buckley
Dinsmore & Shohl, LLP
City Center, 100 W. Main Street
Suite 900
Lexington, KENTUCKY 40507

*Katelyn L. Brown
Attorney
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801

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

*Farmdale Water District
Farmdale Water District
100 Highwood Drive, Route 8
Frankfort, KY 40601

*Larry Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Southern Water & Sewer District
Southern Water & Sewer District
245 Kentucky Route 680
P. O. Box 610
McDowell, KY 41647

*Gerald E Wuetcher
Attorney at Law
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801

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

*Hon. Derrick Willis
Attorney at Law
Willis Law Office
P.O. Box 1500
Grayson, KENTUCKY 41143

*Milburn Water District
Milburn Water District
7731 State Route 80 East
Arlington, KY 42021

*J. Michael West
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Morgan County Water District
Morgan County Water District
1009 Hwy 172
West Liberty, KY 41472

*North Manchester Water Association,
North Manchester Water Association, Inc.
7362 N Highway 421
Manchester, KY 40962

*Rattlesnake Ridge Water District
Rattlesnake Ridge Water District
3563 State Highway 1661
P. O. Box 475
Grayson, KY 41143-0475

*W.C. Gilbert
Rattlesnake Ridge Water District
P. O. Box 475
Grayson, KY 41143

*Raleigh P. Shepherd
Attorney at Law
305 Main Street
Manchester, KENTUCKY 40962

*Steven P. Bailey
Attorney
Bailey Law Office, P.S.C.
181 East Court Street
Prestonsburg, KENTUCKY 41653