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February 28, 2008

CERTIFICATE OF SERVICE

RE: Case No. 2007-00387
Northern Kentucky Water District

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on February 28, 2008.

Executive Director

BOD/rs
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY)
WATER DISTRICT FOR ACCREDITATION) CASE NO. 2007-00387
AND APPROVAL OF TRAINING FOR WATER)
DISTRICT COMMISSIONERS)

ORDER

Northern Kentucky Water District ("NKWD") has applied to the Commission, pursuant to 807 KAR 5:070, for accreditation of certain "in-house" training programs which its commissioners attended. At issue is whether the Commission should accredit "in-house" training programs in which water district employees conduct the training as part of a board of commissioners meeting. Finding that these "in-house" training programs meet current regulatory standards, we grant the application.

NKWD is the largest and oldest water district in the state of Kentucky. It provides water service to approximately 80,027 customers in Boone, Campbell, Grant, Kenton and Pendleton counties. A 6-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 6 instructional hours of approved water district management training.

Prior to 1998, KRS 74.020 limited the annual salary of water district commissioners to \$3,600. To better compensate water district commissioners for the increased responsibilities and liabilities of their position and to provide an incentive for water district commissioners to improve their management skills and increase their

knowledge of management issues, the General Assembly amended KRS 74.020 to create an incentive for water district commissioners to attend management training annually.¹ It increased the maximum salary for a commissioner who attends annually 6 hours of “water district management training” from \$3,600 to \$6,000.

The General Assembly placed responsibility for the management and certification of “water district management training” to the Public Service Commission. It directed that the Commission “be responsible for the regulation of all water district management training programs for commissioners of water districts.”² It further directed the Commission 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.”³ 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.

To meet these duties, the Commission promulgated Administrative Regulation 807 KAR 5:070. This regulation states only the subject matter of instruction for which accreditation should be granted and is silent on all other accreditation issues.

NKWD has applied to the Commission for training that was provided to its commissioners during meetings of its board of commissioners throughout 2007. The date, subject matter, length, and name of the instructor of this training are set forth in Table I. In each instance, NKWD provided a presentation either during or immediately

¹ 1998 Ky. Rev. Stat. & R. Serv. 229 (West).

² KRS 74.020(7)(b).

³ KRS 74.020(7)(c).

after its board of commissioners meeting on a topic that related to water district management. NKWD employees conducted most of these presentations. The presentations are within the subject matter areas set forth in Administrative Regulation 807 KAR 5:070. Each appears to be pertinent to the operation of water districts and would enhance a water district commissioner's understanding of his or her responsibilities and duties.

Although the training appears to be of the same quality of other water district management training programs that the Commission has previously approved, we are concerned about the "in-house" nature of the training. NKWD's application represents the first instance in which a water district has sought accreditation of training that was completely conducted by water district employees or personnel who perform professional services under contract for the water district. Administrative Regulation 807 KAR 5:070 is silent on "in-house" training programs.

The Commission has reviewed other administrative regulations that address the accreditation of courses intended to meet continuing education requirements for professional licenses or certified occupations. We have only found two regulations that specifically address in-house programs. SCR 3.662 permits the use of in-house programs for continuing legal education credit but only when approved in advance and only where half of the instruction is "provided by qualified persons having no continuing relationship or employment with the sponsoring firm, department or agency." Administrative Regulation 201 KAR 1:100 permits the use of "formal in-firm programs" to meet a certified accountant's continuing professional education requirements. Other

administrative regulations addressing continuing professional education requirements are silent on the subject.

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.

While these concerns are significant, they do not serve as an adequate basis for denying accreditation to NKWD's courses of instruction. We find that each of the courses should be approved for a maximum of 1.0 credit hour. We further find that, to ensure compliance with the letter and spirit of 807 KAR 5:070, any water district seeking accreditation for an in-house course of instruction should apply for such accreditation at least 30 days prior to the performance of that instruction.

The Commission further finds that 807 KAR 5:070 should be reviewed and revised to contain specific requirements on in-house training activities and to provide for

greater accountability on the contents of all training programs. We anticipate completion of this review and announcement of any proposed revisions to 807 KAR 5:070 within 120 days of this Order. To ensure the availability of high-quality training programs for all water district commissioners, we have instructed Commission Staff to increase the number and expand the subject matter of the training programs that it currently provides.

IT IS THEREFORE ORDERED that:

1. Each course of instruction set forth in Table I to this Order is approved for a maximum of 1.0 credit hour.
2. NKWD shall retain a record of all persons attending the approved courses of instruction.
3. For any in-house management training conducted in the future for which NKWD seeks accreditation, NKWD shall apply to the Commission for such accreditation at least 30 days prior to the performance of the training.

Done at Frankfort, Kentucky, this 28th day of February, 2008.

By the Commission

ATTEST:



Executive Director

TABLE I

Date	Number of Credit Hours	Instructor	Sponsor	Name	Summary of Content
1/24/2007	1	Richard Harrison, P.E. NKWD Employee Todd Fuller NKWD Employee	NKWD	Main Cleaning and Lining	Presentation on main rehabilitation, cleaning, and epoxy lining water mains
3/15/2007	1	Michelle Howlett, P.E.	GRW Engineers, Inc.	Generator Primer	Presentation about the various types of generators and their applications and how they can be used in the water treatment and distribution process.
04/19/2007	1	Jill Grever Cahill NKWD Employee	NKWD	Media Training	Presentation on how to communicate with media in an effective and positive manner
05/17/2007	1	David Foltz Black & Veatch Mark Lofland NKWD Employee Chris Wetherell NKWD Employee	NKWD	Automatic Meter Reading	Presentation provides a detailed outline of how automatic meter reading operates, tracks currents trends in the utility market place and explores its application at NKWD
06/21/2007	1	Amy Matraccia NKWD Employee	NKWD	SCADA & Instrumentation for Pump Stations & Tanks	Discussion of the different types of SCADA systems and equipment and how they are implemented throughout the NKWD distribution system
09/20/2007	1	Theodore W. Vogelpohl, P.E. Thelen Associates, Inc.	Thelen Associates, Inc.	Value of Engineering Reconnaissance in the Selection of Collection/Distribution Pipeline Alignments and Structure Locations	Presentation on how engineering reconnaissance works during the selection and design process to identify suitably stable areas for the construction of new collection/distribution pipelines