



Matthew G. Bevin
Governor

Charles G. Snively
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

Robert Cicero
Vice Chairman

Talina R. Mathews
Commissioner

February 12, 2019

PARTIES OF RECORD

Re: Case No. 2018-00145

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 Andrew Bowker, Staff Attorney II at 502-782-2580.

Sincerely,

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

Gwen R. Pinson
Executive Director

AB

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2018-00145
FROM: Andrew Bowker, Staff Attorney II
DATE: February 12, 2019
RE: Informal Conference of January 30, 2019

Pursuant to Commission Staff's (Staff) Notice issued on January 23, 2019, an informal conference (IC) was conducted on January 30, 2019. Attached is a copy of the attendance roster.

The purpose of the IC was to discuss Elkhorn Water District's (Elkhorn District) response to Staff's recommendations that were contained in its report issued December 3, 2018, for Elkhorn District's Alternative Rate Filing. Elkhorn District specifically questioned Staff's recommended treatment of the post-test year engineering fees paid and recorded as a test-year expense.

Elkhorn District explained that Staff failed to review the cost of purchased water cases incurred in previous years and to include amortization of these prior costs in its recommended revenue requirement. Staff described the ratemaking principals of retro-active ratemaking and matching. Staff further explained that including the amortization of those prior non-recurring costs in the test-year expenses would violate such ratemaking principals.

Elkhorn District agreed with Staff's representation of the principals and accepted Staff's recommended revenue requirement. Elkhorn District agreed to submit in writing that it was amending its application to reflect Staff's recommended revenue requirement and rates.

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

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ELKHORN WATER
DISTRICT FOR RATE ADJUSTMENT
PURSUANT TO 807 KAR 5:076

CASE NO. 2018-00145

January 30, 2019

Please sign in:

NAME

REPRESENTING

Gandy Broughtman

Elkhorn Water District

Mike Dudgeon

Elkhorn Water District

Mark Frost

PSC STAFF

William Foley

PSC STAFF

Andrew Bowler

PSC Staff-Legal

Sam Reid

PSC STAFF - FA

*Elkhorn Water District
7165 US 127 North
P. O. Box 67
Frankfort, KY 40602

*Michael Dudgeon
Chairman
Elkhorn Water District
P. O. Box 67
Frankfort, KY 40602

*Honorable Warner A Broughman, III
Attorney At Law
Warner A. Broughman III & Associates
3161 Custer Drive
Lexington, KENTUCKY 40517