

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KNOTT COUNTY WATER AND)	
SEWER DISTRICT FOR AN ALTERNATIVE RATE)	CASE NO. 2019-00268
ADJUSTMENT)	

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on January 22, 2020 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on January 22, 2020 in this proceeding;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on January 22, 2020.

A copy of this Notice, the certification of the digital video record, hearing log, and exhibits have been served upon all persons listed at the end of this Notice. Parties desiring to view the digital video recording of the hearing may do so at <https://youtu.be/frJHOEXPID4>.

Parties wishing an annotated digital video recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 3rd day of February 2020.



John E.B. Pinney
Acting General Counsel
Public Service Commission of Kentucky

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

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

Jared Salmons
Knott County Water & Sewer District
474 Highway 1087 W
Leburn, KY 41831

Jeremy R Morgan
Attorney at Law
PO Box 1268
Hazard, KENTUCKY 41702

Justin M. McNeil
Office of the Attorney General
Office of Rate Intervention
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

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

Knott County Water & Sewer District
7777 Big Branch Road
Vicco, KY 41773

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

Mark Lewis
General Manager
Letcher County Water and Sewer District
3443 US 119 North
Mayking, KY 41837

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

Calvin R Tackett
Esquire
40 Main Street
Whitesburg, KENTUCKY 41858

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KNOTT COUNTY WATER)	CASE NO.
AND SEWER DISTRICT FOR AN ALTERNATIVE)	2019-00268
RATE ADJUSTMENT)	

CERTIFICATION

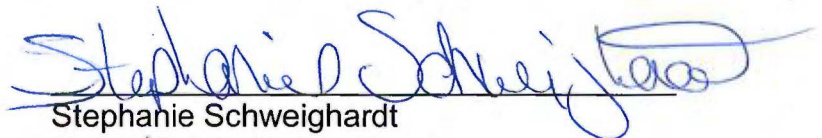
I, Candace H. Sacre, hereby certify that:

1. The attached DVD contains a digital recording of the Formal Hearing conducted in the above-styled proceeding on January 22, 2020. The Formal Hearing Log, Exhibit List, and Exhibits are included with the recording on January 22, 2020;
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the Formal Hearing of January 22, 2020; and
4. The Formal Hearing Log attached to this Certificate accurately and correctly states the events that occurred at the Formal Hearing of January 22, 2020, and the time at which each occurred.

Signed this 31st day of January, 2020.



Candace H. Sacre
Administrative Specialist III



Stephanie Schweighardt
Notary Public State at Large
Commission Expires: January 14, 2023
ID#: 614400



Session Report - Detail

2019-00268 22Jan2020

Knott County Water and Sewer District (Knott District)

Date:	Type:	Location:	Department:
1/22/2020	Public Hearing\Public Comments	Hearing Room 1	Hearing Room 1 (HR 1)

Witness: David Kelly Smith; Jared O'Neil Salmons; Kyle Robert Smith; Ricky Lee McDaniel; Spencer Dale Hamilton; Terry Dean Jacobs

Judge: Robert Cicero; Talina Mathews; Michael Schmitt

Clerk: Candace Sacre

Event Time	Log Event	
9:02:54 AM	Session Started	
9:03:37 AM	Session Paused	
9:04:36 AM	Session Resumed	
9:04:40 AM	Chairman Schmitt Note: Sacre, Candace	We are now on the record. This is the Kentucky Public Service Commission. My name is Michael Schmitt. I'm Chairman of the Commission. Seated to my right is Vice Chairman Robert Cicero and, to my left, Commissioner Talina Mathews.
9:04:57 AM	Chairman Schmitt Note: Sacre, Candace	We're here today on Case No. 2019-0026, the application of Knott County Water and Sewer District for an alternative rate adjustment. The hearing today is pursuant to an Order entered by the Commission on January 10, 2020, to discuss several matters, most notably the benefits that the Knott County Water and Sewer District provides to its employees, including but not limited to commissioners.
9:05:35 AM	Chairman Schmitt Note: Sacre, Candace	Although it doesn't specifically set out in the Order, I think everyone knows that the issue involved primarily the benefits. But here are the issues that we'll be asking about today, and one is the proposed contract or amendment to the contract with the Corps of Engineers. I know that was pending. We don't know what the present status of that is, but the Water and Sewer District had asked for an increase in rates to cover the anticipated cost of drawing down an additional two million gallons of water per day.
9:06:17 AM	Chairman Schmitt Note: Sacre, Candace	In addition, health insurance credit, commissioner benefits, clarification of health insurance adjustments, and I think there may be a question or two about closed session information as I see it on Staff Counsel's memo to commissioners.
9:06:38 AM	Chairman Schmitt Note: Sacre, Candace	I notice that notice was given by notification in the Troublesome Creek Times, correct?
9:06:47 AM	Atty Goss Knott District Note: Sacre, Candace	That's correct.
9:06:48 AM	Chairman Schmitt Note: Sacre, Candace	And that's been filed in the record?
9:06:50 AM	Atty Goss Knott District Note: Sacre, Candace	Yes, sir.

9:06:51 AM	Chairman Schmitt Note: Sacre, Candace	At this time, would the parties, attorneys for the parties, please identify themselves, their clients, and witnesses, if any, who are here today? And we'll start off with Knott County Water and Sewer District.
9:07:05 AM	Atty Goss Knott District Note: Sacre, Candace	If it please the Commissioners, Mr. Chairman, good morning. My name is Mark David Goss. I have with me Allyson Honaker. We're with the law firm of Goss Samford in Lexington, Kentucky. We have with us Dave Smith, who is the Chair of Knott County Water and Sewer District. We have Ricky McDaniel, who is a Commissioner. We have Dale Hamilton, who is a Commissioner. We have Terry Jacobs, who is a Commissioner. We have Jared Salmons, who is the General Manager of the District, and we also have Kyle Smith, who is Chief Financial Officer.
9:07:34 AM	Chairman Schmitt Note: Sacre, Candace	Thank you, and for the Office of the Attorney General?
9:07:37 AM	Asst Atty Gen McNeil Note: Sacre, Candace	Good morning. Justin McNeil, John Horne, and Mike West on behalf of the Attorney General's Office.
9:07:43 AM	Chairman Schmitt Note: Sacre, Candace	Letcher County Water and Sewer District?
9:07:47 AM	Atty Wuetcher Letcher District Note: Sacre, Candace	Your Honor, on behalf of the Letcher County Water and Sewer District, Gerald Wuetcher with Stoll Keenon Ogden. The address is 300 West Vine Street, Suite 2100, Lexington, Kentucky 40507.
9:08:00 AM	Chairman Schmitt Note: Sacre, Candace	Is anyone here for City of Hindman?
9:08:02 AM	Atty Wuetcher Letcher District Note: Sacre, Candace	Your Honor, the Order Granting Intervention in this case spoke of joint participation by the City of Hindman and Letcher County Water and Sewer District. The City Attorney contacted me last week to advise he would be unable to attend. We had briefly discussed how we would be presenting any concerns that both parties had, and so I've been authorized to at least state that the concerns that Letcher County Water District may be presenting today are the same as those of the City of Hindman.
9:08:34 AM	Chairman Schmitt Note: Sacre, Candace	Thank you. I notice that Letcher County's and Hindman's positions were consolidated to the extent that Hindman incorporated by reference all of your positions anyway, isn't that correct?
9:08:51 AM	Atty Wuetcher Letcher District Note: Sacre, Candace	Yes, Your Honor, that's correct.
9:08:52 AM	Chairman Schmitt Note: Sacre, Candace	And on behalf of Staff?
9:08:55 AM	Staff Atty Coltrane PSC Note: Sacre, Candace	Lauren Coltrane and Angela Goad on behalf of Commission Staff.
9:09:10 AM	Chairman Schmitt Note: Sacre, Candace	Let me say, first, I think because of the nature of the hearing, that we'll change the order a little bit, and, going first, in terms of questioning, will be Staff Counsel, followed by Commissioners, and then Mr. Wuetcher, the Office of the Attorney General, and then, Mr. Goss, you'll have the last opportunity.
9:09:35 AM	Atty Goss Letcher District Note: Sacre, Candace	Is it okay if I qualify the witness when they're called?

9:09:37 AM	Chairman Schmitt Note: Sacre, Candace	Yes, I assumed that you would, that you would qualify each witness, so that then Ms. Coltrane would have an opportunity to ask the questions.
9:09:47 AM	Atty Goss Knott District Note: Sacre, Candace	Very good, Mr. Chairman.
9:09:48 AM	Chairman Schmitt Note: Sacre, Candace	Is there anything at this time that any party or counsel for the parties would like to bring to the attention of the Commission before we start?
9:09:56 AM	Atty Goss Knott District Note: Sacre, Candace	No, Your Honor.
9:09:57 AM	Chairman Schmitt Note: Sacre, Candace	Okay. Thank you. Ms. Coltrane, would you like to announce who you'd like to examine first?
9:10:03 AM	Staff Atty Coltrane PSC Note: Sacre, Candace	David Smith.
9:10:27 AM	Chairman Schmitt Note: Sacre, Candace	Witness is sworn.
9:10:35 AM	Chairman Schmitt Note: Sacre, Candace	Mr. Goss?
9:10:36 AM	Atty Goss Knott District Note: Sacre, Candace	Thank you, Mr. Chairman.
9:10:38 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Direct Examination. Mr. Smith, would you please state your full name for the record?
9:10:44 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	And what is your age, and what's your address, and what's your occupation?
9:11:03 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	I want to take you through your qualifications and education just so - you've not filed prefiled testimony in this case, is that correct?
9:11:15 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	If you would, Mr. Smith, please tell the Commission what your educational background is, starting with high school and taking it on through any post-graduate work.
9:11:50 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Tell the Commission what professional certifications you currently hold.
9:12:35 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Give the Commission an idea of what your professional work history has been. You don't have to go through each and every job, ad nauseum, since you graduated from college, but just give the Commission a flavor for what you've done throughout your career.
9:13:01 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Which company was that?
9:13:29 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Again, what did you do for Consol throughout your work history with them?
9:14:31 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	During your time at Consol, what was the maximum or the greatest number of employees that you would have had under your supervision?
9:14:51 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	And were you the ultimate supervisor for those?

9:15:09 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	So you actually worked underground as a superintendent and also as a mining engineer?
9:15:24 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Did you ever set spads?
9:15:33 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Were you the individual responsible for maintaining the project maps and the location of the working face of the coal during your time at Consol?
9:15:50 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Did those duties require you to have any finance background, or did you delve into the finance aspect of the business at all?
9:16:10 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Approximately, what would have been the budget on an annual basis for Consol when you were overseeing its finances?
9:16:32 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Were you also a mine safety health administration impoundment inspector?
9:16:37 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	What is that?
9:16:59 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Besides your service on the board of the Knott County Water and Sewer District, what other boards of directors of either a for-profit or non-profit have you been on and are you currently on?
9:17:47 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Are you retired or do you still have an active business besides those other activities?
9:18:06 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	How long have you been on the Knott County Water and Sewer board as a commissioner, and how long have you been its chair?
9:18:30 AM	Atty Goss Knott District Note: Sacre, Candace	Pass the witness, Mr. Chairman.
9:18:32 AM	Chairman Schmitt Note: Sacre, Candace	Ms. Coltrane, questions?
9:18:42 AM	Staff Atty Coltrane PSC - witness Smith Note: Sacre, Candace	Cross Examination. I'm going to delve right into questions about benefits, so, if you could, please refer to Knott District's Response to Commission Staff's Request for Information, Item 2. It's the First Request, Item 2.
9:19:01 AM	Atty Goss Knott District Note: Sacre, Candace	Staff 2-2?
9:19:04 AM	Staff Atty Coltrane PSC Note: Sacre, Candace	Staff 1-2.
9:19:06 AM	Atty Goss Knott District Note: Sacre, Candace	I don't know that we have that.
9:19:35 AM	Atty Goss Knott District Note: Sacre, Candace	May I consult with Counsel, Mr. Chairman?
9:19:38 AM	Chairman Schmitt Note: Sacre, Candace	Yes, you may.
9:19:38 AM	Atty Goss Knott District Note: Sacre, Candace	And see what she's talking about. We may have it.

9:20:35 AM	Staff Atty Coltrane PSC - witness Smith Note: Sacre, Candace	Now, Mr. Smith, when you look at that Item 2, do you see where Knott District states, "Each commissioner is currently receiving a salary of \$6,000 annually; also, offered health, dental, vision, and life insurance benefits unless appointed on or after May 17, 2019?"
9:20:58 AM	Staff Atty Coltrane PSC - witness Smith Note: Sacre, Candace	Just to clarify, prior to May 17, 2019, a commissioner on the board of Knott District could receive a six-thousand-dollar annual salary, and health, dental, vision, and life insurance benefits, is that correct?
9:21:15 AM	Staff Atty Coltrane PSC - witness Smith Note: Sacre, Candace	When were commissioners first offered health benefits?
9:21:32 AM	Staff Atty Coltrane PSC - witness Smith Note: Sacre, Candace	And how did the offer of benefits to commissioners occur?
9:23:57 AM	Staff Atty Coltrane PSC - witness Smith Note: Sacre, Candace	Prior to 2012, do you know when commissioners first started receiving dental insurance?
9:24:09 AM	Staff Atty Coltrane PSC - witness Smith Note: Sacre, Candace	And you said that the general manager at the time checked with the PSC to see if they could offer health benefits. Who was the general manager?
9:24:21 AM	Staff Atty Coltrane PSC - witness Smith Note: Sacre, Candace	Did he indicate who he had spoken with at the PSC?
9:24:34 AM	Staff Atty Coltrane PSC - witness Smith Note: Sacre, Candace	And then I presume that the Staff Opinion that you're referring to is the Staff Opinion that was provided and filed this past Friday, January 17, as a part of the Supplemental Responses of Knott District?
9:24:55 AM	Staff Atty Coltrane PSC - witness Smith Note: Sacre, Candace	Who on the board at that time voted for the benefits?
9:25:28 AM	Atty Goss Knott District Note: Sacre, Candace	Mullins?
9:25:46 AM	Staff Atty Coltrane PSC - witness Smith Note: Sacre, Candace	Did you also discuss granting benefits with legal counsel at the time?
9:26:09 AM	Staff Atty Coltrane PSC - witness Smith Note: Sacre, Candace	Who would that have been?
9:26:21 AM	Staff Atty Coltrane PSC - witness Smith Note: Sacre, Candace	In relation to the executive sessions, what is normally discussed in those executive sessions?
9:26:41 AM	Staff Atty Coltrane PSC - witness Smith Note: Sacre, Candace	As to the May 17, 2019, date, which appears to be the cut-off date, if before, you get both salary and benefits - if after, there's the choice, which I believe is also based on a resolution, how was that May 17th date chosen?
9:27:55 AM	Vice Chairman Cicero Note: Sacre, Candace	Can I ask a quick question?
9:27:57 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	Examination. What were the cuts that the judge executive was requesting? Personnel cuts?
9:28:30 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	But what did he ask the water board? What kind of cuts did he ask the water board to make?
9:28:48 AM	Vice Chairman Cicero Note: Sacre, Candace	All right, thank you.

9:28:50 AM	Staff Atty Coltrane PSC - witness Smith	
	Note: Sacre, Candace	Cross Examination (cont'd). Who was the judge?
9:29:01 AM	Staff Atty Coltrane PSC - witness Smith	
	Note: Sacre, Candace	If you could, now we're going to look at that May 17, 2019 resolution. It's the same information, the same Responses to Commission Staff's First Request, but it's Item No. 1.
9:29:23 AM	Staff Atty Coltrane PSC - witness Smith	
	Note: Sacre, Candace	Who drafted this resolution?
9:29:38 AM	Staff Atty Coltrane PSC - witness Smith	
	Note: Sacre, Candace	Do you know when it was drafted?
9:29:49 AM	Staff Atty Coltrane PSC - witness Smith	
	Note: Sacre, Candace	Was this resolution discussed in a board meeting? Was the board aware that this resolution was going to happen prior to it happening?
9:30:23 AM	Staff Atty Coltrane PSC - witness Smith	
	Note: Sacre, Candace	So you aren't aware of really the process, beyond the conversations that you had with the county judge-executive, the process of how this resolution came into place at all?
9:30:44 AM	Staff Atty Coltrane PSC	
	Note: Sacre, Candace	I don't have any further questions.
9:30:46 AM	Chairman Schmitt	
	Note: Sacre, Candace	Any further questions?
9:30:48 AM	Staff Atty Coltrane PSC	
	Note: Sacre, Candace	No.
9:30:49 AM	Chairman Schmitt	
	Note: Sacre, Candace	Commissoner Cicero, questions?
9:30:51 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	Examination. So the judge requested that there be either in the salary or a change in the benefits?
9:31:00 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	And the final resolution of that was?
9:31:19 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	But everyone else was grandfathered in?
9:31:24 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	Why was the decision made to grandfather in instead of making a wholesale change?
9:31:52 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	Typically, in a water commissioner board, in particular, Knott County, the turnover or a change of membership isn't that frequent, is it?
9:32:26 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	Are the health care benefits offered to the commissioners the same plans that are offered to the employees?
9:32:33 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	And the costs are the same?
9:32:37 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	And health care is paid at a hundred percent for the commissioners?
9:32:44 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	At employee only?

9:32:49 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	And that was my understanding, employee only, but there's different levels when you look at the information that was provided by Knott County that shows - if it was all the same cost, then you would expect that the premiums would show the same across the board, but there is variations in that, and I was trying to determine why there was variations.
9:33:23 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	So some plans are better than other plans?
9:33:27 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	Is there a difference in premium cost?
9:33:34 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	Then why wouldn't everyone choose the best plan available and go with that? What would cause someone to choose less than the best plan?
9:34:10 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	So, in other words, if I understand correctly, your premium changes, both for the employee and the company, depending on which plan is selected, but it's always at the single coverage cost premium for whatever plan is chosen?
9:34:35 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	I understand a person's situation, needing health care and broaching the subject, but then there's vision, dental, life, and - is there another besides that? There's at least those three coverages in addition to the health care. In other words, all of these new benefits were adopted at the same time?
9:35:05 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	Well, the dental was there.
9:35:57 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	So the life insurance is one times some benefit amount? Not salary, obviously.
9:36:06 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	Fifty thousand dollars?
9:36:14 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	So all these were adopted as a result of your personal change and pursuing the possibility of having the coverages provided by the Knott County Water District?
9:36:32 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	And employees, prior to this, already had that coverage for all those type of benefits that were mentioned?
9:36:42 AM	Vice Chairman Cicero Note: Sacre, Candace	I don't have any other questions.
9:36:44 AM	Chairman Schmitt Note: Sacre, Candace	Commissioner Mathews?
9:36:46 AM	Commissioner Mathews Note: Sacre, Candace	I don't have any.
9:36:47 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Examination. So, Mr. Smith, is it your testimony that all of the other employees of the Knott County Water and Sewer District had available to them the same health insurance, vision insurance, dental insurance, and life insurance that you now have prior to January 1, 2017?

9:37:42 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	In 2016, you said that the company by whom you were employed in West Virginia, apparently, as generally has happened in the coal industry, needed to cut back salaries, benefits, and number of employees, and you had lost your health insurance benefits, is that correct?
9:38:05 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	You lost your employment as well?
9:38:08 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	So, at that point, sometime in 2016, you spoke to, what is it?
9:38:15 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	L. J. Turner, who was then your general manager, about seeing if you could get on the water district's, water and sewer district's, health insurance plan?
9:38:37 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Here's my question. Prior to your asking L. J. Turner about the possibility of you or commissioners getting health insurance benefits, did - all employees of the Knott County Water and Sewer District, were they provided health care insurance as part of their employment package?
9:39:02 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	So the other employees had these benefits, and your goal was to see if arrangements could be made for the District to pay for your health insurance and, if they did so, all of the other commissioners as well, correct?
9:39:34 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Let me ask this. Does Knott County Water and Sewer District have any part-time employees?
9:39:51 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	So you only have - how many do you have? Do you know?
9:39:59 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Is health insurance offered to these seasonal or part-time employees?
9:40:04 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	You don't work full time as a commissioner or as chairman of the Knott County Water and Sewer District, do you?
9:40:20 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	I can tell you what. I have an exhibit that I'd like to file. You might want a copy. We can call it PSC Exhibit 1. It's a chart that we put together or that my assistant put together. We can pass these out.
9:41:05 AM	Chairman Schmitt Note: Sacre, Candace	Does everybody have one? Let me tell you what this is, Mr. Smith. This is a compilation Knott County Water and Sewer District furnished this Commission in response to a Data Request of all of the minutes from 2015 forward. So your commission meetings always open with the time that the meeting starts and the time that your meeting stops, and those have been incorporated into this exhibit as demonstrative exhibit, okay?
9:42:08 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Now, at the six-thousand-dollar-per-year - your salary is \$6,000 per year, correct?
9:42:18 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And you've been through new commissioner training and the other training that's provided annually by the Public Service Commission, Kentucky Rural Water Association, and so forth?

9:42:44 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	I went through and just for the year 2019 computed the time, and the entire time spent in meetings was 19.2 hours, rounded off to 19 hours, and you were at all the meetings according to the minutes. You never missed a meeting.
9:42:49 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	At \$6,000 per annum or \$500 per month, the time that you spent in meetings was accounted for and amounted to \$315 per hour. If you look at the total value of your 2019 package, insurance package, added on to that minus FICA, which I've reduced, your total hourly rate for attending meetings was \$1,154.33. Wouldn't you consider that excessive?
9:43:33 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Well, tell me. I don't know if you're a lawyer. You don't have a law degree, correct?
9:43:39 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	When your commission acts, doesn't it only have the authority to act during the course of a meeting? The acts that the commission takes have to be done during the course of a meeting?
9:43:43 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Now, let's talk about the meeting. When this subject was brought up, you testified that you brought it up in executive session, isn't that correct?
9:44:10 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Why didn't you bring it up in open session so all the members of the public, including the newspaper, could see it?
9:44:41 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Now, you've been to trainings conducted by the Public Service Commission, is that correct?
9:44:51 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	During the course of those trainings, oftentimes, maybe usually, a representative of the Kentucky Attorney General's Office is present and makes a presentation about what business can and can't be discussed in executive session, isn't that correct?
9:45:11 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Isn't it a fact that you know that you can't discuss general employment issues and compensation issues, especially compensation for a commissioner, or benefits for a commissioner in executive session?
9:45:35 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	General employee issues?
9:45:40 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	I'd suggest that you maybe need to get - Mr. McNeil perhaps can get someone from his office to furnish you a copy of the pamphlet that the Attorney General publishes on what a member of a public body can and can't do or can and can't discuss in executive session because, let me point this out to you, there is a case called Thompson, Grigsby, and Ratliff vs. Floyd Co Bd of Education in which action taken in executive session, a general personnel action, was determined to be improper and, after that, any action that was taken by the Board couldn't correct the problem.
9:46:20 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	So I guess what I'm suggesting, I don't know, maybe you need a legal opinion as to whether whatever you've done with respect to granting yourself insurance benefits may or may not be valid.

9:46:35 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	In any event, when you came out into open session, there was no motion made or adopted granting any of the commissioners, including you, health insurance benefits, isn't that correct?
9:46:54 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And a board speaks through its minutes?
9:46:58 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And, if it isn't in the minutes, if it isn't in the record, then it isn't valid; it isn't proper action. Wouldnt' you agree with that?
9:47:20 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Does the Knott County Water and Sewer District have a capital improvement plan?
9:47:30 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	What does that plan provide for?
9:48:15 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Do you have a fund available to take care of capital improvements, replacing infrastructure?
9:48:39 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	How many years has Knott County Water and Sewer District been operating at a loss?
9:49:17 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Since 2012?
9:49:22 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And, as far as you know, there could have been a loss or losses prior to 2012 when you came on the board, right?
9:49:34 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	What made the board decide to seek a rate increase in 2019?
9:49:52 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	But you haven't been using depreciation for long-term infrastructure replacement up to this point in time, have you?
9:50:20 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	So that's why you sought an 80 percent rate increase?
9:50:29 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Since 2002, 18 years?
9:50:33 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Is there any particular reason why?
9:50:41 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And who does that political pressure come from?
9:50:50 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	What is the relationship between county government, fiscal court, on the one hand, and the Knott County Water and Sewer District, on the other, as far as you know?
9:52:00 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Now, let me ask you this. I know a commissioner's term is four years, correct?
9:52:08 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And I assume, from looking at the records, the terms are staggered, so not all the commissioners are replaced at the same time, correct?
9:52:17 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Are you saying that the county judge-executive or fiscal court member can replace a water district commissioner before his or her term is expired?

9:52:35 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	In terms of the present Knott County Water and Sewer District board of commissioners, there are how many? Five, five commissioners?
9:52:49 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Are any of the present commissioners employees of the Knott County Fiscal Court?
9:53:08 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Are they employed? Greg Mullins, is he a commissioner?
9:53:14 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And does he have a job, and, if so, what is it?
9:53:31 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	But, when he was appointed, his employment was the result of an appointment by the county judge-executive and confirmational approval by the fiscal court, isn't that correct?
9:53:45 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Now, Ricky McDaniel, is he employed by the Knott Fiscal Court?
9:53:54 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And what is his employment?
9:54:03 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And that position is the result of an appointment by the judge-executive and confirmed by the fiscal court, is that correct?
9:54:12 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And, I guess, last year, there was a member of the board of commissioners named Larry King, is that correct?
9:54:20 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And Mr. King, when he was on the commission, was he employed by the fiscal court?
9:54:26 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And what was his job?
9:54:35 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	So, essentially, it looks like, over some period of time, two or three members, at any one time, of the Water District comission have been appointed by the judge-executive, and their employment is the result of appointment by the judge-executive and confirmation by the fiscal court, their regular employment in addition to being on the Water District, is that correct?
9:55:17 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And who was county judge at that time?
9:55:33 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And Randy Thompson, did Randy Thomspon finish his term?
9:55:48 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	He didn't finish the term because he was convicted of a felony in federal court and served time in the penitentiary, is that correct?
9:55:56 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And then, subsequently, he was followed by Zach Weinberg?
9:56:04 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	During the time Mr. Weinberg was county judge-executive, did you feel any pressure to keep rates low?

9:56:36 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Let me ask you, I know you're an engineer, and you basically managed a coal company and companies and have been a consultant. Do you believe or don't you believe that periodic rate increases over two or three years of two or three percent every three or four years would have ultimately resulted in a stable rate structure without seeking an 80 percent rate increase at one time?
9:57:28 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	I just wanted to ask you, for the record, I've looked at your audits for 2017, '18, '16, and it showed, in 2016, that the District had an operating loss, including depreciation, as you point out, of \$980,042; in 2017, an operating loss of \$1,190,517; and, in 2018, an operating loss of \$1,356,640. Do you have any reason to dispute the accuracy of those figures?
9:58:10 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	In your rate increase, your request, you saw the staff recommended, and we haven't acted upon it, the staff recommended an approximate, what? Seventy percent rate increase. That's what they thought you needed, excluding the request for the additional sixty-nine thousand or sixty-two thousand, whatever, for the additional two million gallons a day you want to draw down out of the Carr Fork Lake, correct?
9:58:40 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	So it's obvious you thought, the commissioners thought, you needed revenue and so did the staff, agreed?
9:58:50 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	But, in your application, you ask that the amounts, the amount of any increase, be staggered or implemented over a three-year period or two additional years after the rate increase was granted, correct?
9:59:12 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And why did you make that request?
9:59:27 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And what does that mean in practical terms? People would be upset, or they would suffer an immediate financial hit much greater if the rate increase were implemented at one time?
9:59:42 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Do you know or have you calculated, or anyone to your knowledge, how much revenue the Knott County Water and Sewer District would lose over the three-year period by implementing the proposed rate increase over three years instead of one year?
10:00:15 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Let me just say, I asked staff to calculate that yesterday, and, according to staff, these kind of figures are beyond my ability, the first year, the District would lose in terms of revenue it didn't get \$502,942; \$272,384 the second year; and, due to an overcollection rounding error, the District would gain \$4,993 on year three. The total lost revenue for the the three years would be \$770,333. I mean, do you think the District can afford that kind of loss?
10:01:35 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Of course, if you start using your depreciation reserves for infrastructure improvements, it means you're going to have to come in for a rate increase sooner, isn't that right? I mean, you've been using your depreciation now for current operating expenses over the last 18 years, right?

10:02:16 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	One last thing, and it goes to how your benefits were - the action that was taken by the board to give its members these benefits. The fact that it went into executive session, there was nothing in open session discussed about it would lead one to believe that the District intentionally tried to conceal the fact that its members were getting these benefits, some of which were substantial.
10:02:53 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And I want to ask you, were you aware of the fact that the Knott County Water and Sewer District filed two confidentiality motions, seeking to keep the amount of money that the District commissioners received in benefits secret and confidential so the members of the public wouldn't see it? Did you know that?
10:03:27 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	It said you had a right to privacy, but, as a public office holder, wouldn't you agree that the amount of your benefits and pay or compensation or however you want to construe it that the public ought to be able to see it?
10:04:24 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Other districts would try to poach your employees?
10:04:42 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Have you lost any employees other than Mr. Turner to other districts?
10:04:55 AM	Chairman Schmitt Note: Sacre, Candace	Let me ask you, and I'll finish up here. I guess there's another couple of exhibits. One, let me find it here, it's Knott County Water and Sewer District's Answer to Commission Staff's Second Request for Information issued December 20, 2019, and it's page 1 of 2 on Item 3, Mr. Goss.
10:05:39 AM	Atty Goss Knott District Note: Sacre, Candace	May I approach the witness?
10:05:40 AM	Chairman Schmitt Note: Sacre, Candace	Yeah, if you would.
10:05:53 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Now, Mr. Smith, if we look at that, I guess that shows, purports to show, the amounts received in terms of salary, or listed here as wages, FICA, health insurance, vision insurance, dental, life, and then the total for the various commissioners. And I notice that the benefits are different. For instance, if we look at yours, your health insurance cost for the family plan, the District pays \$14,301.72, or did for your health insurance for 2019, correct?
10:06:48 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And, for Mr. Hamilton, for instance, the District paid for his single coverage \$8,752.08, correct?
10:06:53 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	So, in essence, your benefit was \$5,500 or so dollars in terms of - yeah, about \$5,000 more than the value of Mr. Hamilton's benefit, correct?
10:07:17 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	So, I mean, everybody here, if we look at the total over on the end, Mr. Hamilton, and this includes FICA, \$15,638.64; Mr. Jacobs, \$22,265.52; Mr. King only worked part of the year, \$7,161.79; Mr. McDaniel is new, he doesn't get any benefits, \$2,906.55. Now, Mr. McDaniel, was he appointed prior to May 17th?

10:07:55 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Was it after? Okay, but wouldn't Mr. McDaniel - assuming he's a county employee, does the county have insurance on its people, on its employees?
10:08:08 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	I know that in some of the information that we've got here, and I'm sure Counsel will ask you later, but a credit is given to those who have their own health insurance or who have health insurance from another source, correct? Are you familiar with that?
10:08:27 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Would Mr. McDaniel be entitled to the credit?
10:08:35 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Then Greg Mullins, \$7,289.88. He's a couple, but - and I don't understand. Maybe somebody else would know more, but he doesn't get the health insurance either. Do you know why Mr. Mullins doesn't get the health insurance?
10:09:00 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And the value of yours on the couple is \$22,117.20. No, you're family. I'm sorry.
10:09:14 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	So I guess - and the employee can pick the plan they want, and the amount that's paid by the District goes up or down or varies, depending on the plan that the employee wants, correct?
10:09:32 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And this is the amount - I mean, you pay a copay or something, but this is actually what the Water and Sewer District pays out for your health insurance, correct?
10:09:51 AM	Chairman Schmitt Note: Sacre, Candace	I'd like to file this chart as a demonstrative exhibit. The actual minutes are in the record.
10:09:54 AM	PSC EXHIBIT 1 Note: Sacre, Candace Note: Sacre, Candace	CHAIRMAN SCHMITT - WITNESS SMITH BOARD MEETINGS LISTING/HOURLY EARNINGS CALCULATIONS
10:10:01 AM	Chairman Schmitt Note: Sacre, Candace	I have no further questions. I don't who's next, but, Mr. Wuetcher, I'm going to let you go next, and we'll work up the list.
10:10:09 AM	Atty Wuetcher Letcher District Note: Sacre, Candace	Thank you, Your Honor.
10:10:12 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	Cross Examination. Good morning, Mr. Smith. I have just a few questions. Let me start off by asking, the Commission Staff, in its report, recommended that all of the expenses related to the commissioner benefits be disallowed, and Knott County submitted, in its response, that it was accepting that recommendation. Is it still the District's position that those expenses now should not be recovered through the Water District's rates?
10:10:55 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	Just a couple of questions about the decision, the board's vote, to go ahead and provide insurance coverage. During that meeting, was there any discussion regarding the cost of providing that benefit to the commissioners, that you can recall?
10:11:31 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	Was there any discussion concerning whether the decision to provide insurance to the commissioners would be - how it would be interpreted by the public?

10:12:02 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	And you stated that Mr. Turner, your then general manager, had presented the staff opinion. Was there any discussion or any attempt by the District to review what other water districts had done in the matter of providing health insurance to their commissioners?
10:12:57 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	The actual policy, you stated there's nothing in the minutes to reflect the action of the board to expand the insurance coverage to its commisioners, is that correct?
10:13:12 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	To your knowledge, is there anything that has subsequently been done by the board to vote on it in open session?
10:13:46 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	I guess what I'm going after is, there's nothing in the minutes, is that correct, about this policy?
10:13:54 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	Is there a separate resolution that the board enacted?
10:14:03 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	And I'm just trying to find out, has the board adopted some type of policy statement or policy handbook that says insurance coverage will be provided to employees, officers and commisioners?
10:14:40 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	One question regarding - I take it Knott County Water and Sewer District accepts the action of the Knott County Fiscal Court as embodied in that May 17 resolution?
10:14:57 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	That resolution basically makes equivalent either salary or health insurance benefits as compensation, doesn't it?
10:15:11 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	Let me put it this way. The resolution says you can either get \$6,000 in salary or you can get health insurance coverage?
10:15:22 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	It's either one or the other, and that's your compensation?
10:15:28 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	Would you agree that some of the cost related to health insurance coverage will exceed \$6,000?
10:15:42 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	Has the District looked at the question as to whether, by providing health insurance coverage that exceeds \$6,000, it will be in violation of the statutory limitations on the amount of compensation the District can provide to its commissioners?
10:16:16 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	Didn't the Knott County Fiscal Court essentially say those benefits are compensation?
10:16:42 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	In response to some of the questions by the Chairman, you had noted that the District was reluctant to take a full increase immediately but wanted to do it in phases to avoid rate shock to its customers, is that correct? Would that be a good characterization of the District's intent?
10:17:26 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	So you're saying, you're still going to have rate shock if you do it in three phases?
10:17:44 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	Did the District request a similar phase-in for its wholesale customers?

10:18:04 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	You mentioned that the District had changed its health insurance provider a few years ago. Can you tell me when that actually occurred?
10:18:17 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	To your knowledge, while you've been on the board, has the District always been using the Kentucky Employees' Health Plan?
10:18:29 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	How frequently does the District examine that plan to determine whether there might be other plans out there that would either be more cost effective or meet the District's needs?
10:18:54 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	You don't recall ever having the issue raised in the discussions by the board of commissioners regarding what are the other vendors out there providing or can we have a request made to your staff asking for some type of comparison or survey?
10:19:20 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	As regards to the insurance waiver credit, has that been in effect while you've served on the board?
10:19:32 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	Are you aware of any other entitites in the area or region that provide a similar type of credit to their employees?
10:19:55 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	In your time on the board, has there been any discussion by the board concerning that health insurance waiver credit?
10:20:18 AM	Atty Wuetcher Letcher District - witness Smith Note: Sacre, Candace	I've tried to find that in the minutes. I have a list of minutes that were provided in response to Commission's Staff Request. I couldn't locate it, so would it be correct to say, assuming I did my search properly, those discussions would have happened before 2015?
10:20:41 AM	Atty Wuetcher Letcher District Note: Sacre, Candace	Thank you, sir. That's all I have.
10:20:42 AM	Chairman Schmitt Note: Sacre, Candace	Mr. McNeil?
10:20:46 AM	Asst Atty Gen McNeil Note: Sacre, Candace	Just one question, Chairman.
10:20:48 AM	Asst Atty Gen McNeil - witness Smith Note: Sacre, Candace	Cross Examination. Mr. Smith, following Mr. Wuetcher's question on the fiscal court resolution, so prior to the passage of that, to your knowledge, did anybody from fiscal court, judge-executive ask you or the District for information on health plans, what cost would be saved, or the different levels (inaudible) all?
10:21:34 AM	Asst Atty Gen McNeil - witness Smith Note: Sacre, Candace	So, informally, they would be aware of probably about those costs and those details?
10:21:43 AM	Asst Atty Gen McNeil Note: Sacre, Candace	No further questions, Chairman.
10:21:47 AM	Chairman Schmitt Note: Sacre, Candace	May I ask one more question?
10:21:49 AM	Atty Goss Knott District Note: Sacre, Candace	You sure can. You're running this show.
10:21:50 AM	Chairman Schmitt Note: Sacre, Candace	Well, I know, but then you can go ahead because I neglected it before, and you may want to touch on it.

10:21:59 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Examination. When you talk about the Staff Report, PSC Staff Report in 2013, did you read that Staff Report at all?
10:22:12 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	And you understand the Staff Opinion isn't binding on the Commission, it's an Opinion of the Staff, correct?
10:22:13 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Staff Opinion?
10:22:21 AM	Chairman Schmitt - witness Smith Note: Sacre, Candace	Now, if you read the Staff Opinion, didn't you see where the Staff, I guess I probably know who authored it, but it was signed by the Executive Director, but pointed out that commissioners were prohibited by law from taking any action or official action that benefitted themselves directly? But the action, whatever you took, whether it was official, unofficial, or whatever, it served to give the present commissioners the benefit of valuable health insurance coverage, didn't it?
10:23:01 AM	Chairman Schmitt Note: Sacre, Candace	No further questions.
10:23:03 AM	Vice Chairman Cicero Note: Sacre, Candace	I have a couple. Do you want me to ask mine before?
10:23:05 AM	Chairman Schmitt Note: Sacre, Candace	Yeah, if you want to, then Mr. Goss can then have the benefit of everything everybody said and go ahead and do his redirect.
10:23:14 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	Examination. Can you verify how many employees Knott County has that are covered under a health care plan?
10:24:26 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	Ten or eleven?
10:24:28 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	Close enough, so how many health care plans are offered?
10:24:45 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	So there's four total plans offered, and that's the selection that everybody has the opportunity for? Just four?
10:25:03 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	And the provider is?
10:25:15 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	The reason I'm asking the question is the discussion about variability in the amount of the cost of the plans, and it seems unusual to have that kind of variability in that many plans offered for such a low population that's being provided for in health care coverage. But, seeing as if you do have that much variability, why did the board not decide just to cap the amount that was offered as part of a payment of benefits?
10:26:15 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	But it was decided that that wasn't the way to go?
10:26:31 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	So they decided to implement a plan that said you can choose whatever coverage you want out of the four, and regardless of cost, that would be your opportunity if you paid the employer single-coverage rate?
10:26:46 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	So you calculate a credit for employees who don't elect to take the coverage. How is that calculated since there's four plans offered?

10:27:15 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	I thought that the credit was somewhere around \$8139. Am I - so \$8139. I'm not sure what pay periods you have. Is it weekly?
10:27:40 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	I guess you would come close to that. It still seems that you're a bit off, but you're saying that that benefit was offered prior to the authorization for the May 16, 2019, benefit authorization or the resolution?
10:28:05 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	But that wasn't then selected as the opportunity for implementation for the cost of single coverage for commissioners. Since you already had that established, why was there a decision not to go with the same thing and cap it at \$8139?
10:28:35 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	You indicated, in response to Mr. Wuetcher's question or statement regarding the fact that the - you've acknowledged that you're not going to put in base rates the dollars associated with premiums for commissioners, correct?
10:28:58 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	You're not going to implement base rate from customers to cover the cost of the commissioners' premiums; it was disallowed in the amount of some \$50,000?
10:29:10 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	So do you still intend to pay for that coverage and take those funds out of depreciation, whatever other non-cash collection that has been determined through the rate analysis?
10:29:45 AM	Atty Goss Knott District Note: Sacre, Candace	That's been provided, Mr. Vice Chairman, in a Supplemental Response, our 2020 projected, Supplemental Response to -
10:29:53 AM	Chairman Schmitt Note: Sacre, Candace	I just handed it to him, so he's seeing it now.
10:29:56 AM	Atty Goss Knott District Note: Sacre, Candace	Oh, okay.
10:30:05 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	So there'll be no health care credit issued for those not receiving coverage?
10:30:12 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	And the only one eligible for coverage going into 2020 is, well, yourself and Mr. Hamilton?
10:30:26 AM	Atty Goss Knott District Note: Sacre, Candace	I don't mean to interrupt. That's prorated for one month, in January, Mr. Hamilton's portion.
10:30:31 AM	Chairman Schmitt Note: Sacre, Candace	I wondered why it was so low, and that's what it is? That's just one month as opposed to a year?
10:30:35 AM	Atty Goss Knott District Note: Sacre, Candace	Yes, yes.
10:30:40 AM	Vice Chairman Cicero Note: Sacre, Candace	The \$12,890 is one month?
10:30:42 AM	Atty Goss Knott District Note: Sacre, Candace	No. That's for Mr. Hamilton only.
10:30:46 AM	Vice Chairman Cicero Note: Sacre, Candace	Oh, yes, okay, but Mr. Smith is?
10:30:49 AM	Atty Goss Knott District Note: Sacre, Candace	That'd be annual, for the annual, yes, for the year.

10:30:52 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	And so that one continues because?
10:31:10 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	Going back to my original question then, you're not going to eliminate coverage even though you're not going to collect it in base rates?
10:31:54 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	But I guess your answer then is, yes, you intend to continue to do it?
10:32:04 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	That 70- to 80-percent increase, which is what has been calculated both by Staff and yourself, including that coverage is, in your opinion, still more valuable than the fact that there's going to be this kind of rate increase and you're going to take that coverage out of your depreciation or other non-cash item?
10:32:48 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	I'll just ask one last question about health care, and then I have a couple of capital budgets.
10:32:55 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	You state that you feel your services are valuable enough that you should qualify for having your health care paid for, but, yet, it's not a full-time position, it's a six-thousand-dollar-a-year annual salary set by statute, the maximum that can be received in terms of total compensation; Mr. Wuetcher pointed out that the resolution that the fiscal court adopted referred to compensation either/or, identifying benefits being the same as salary in terms of identifying it as compensation. Do you believe that, given your position as a part-time employee, regardless of value, you should still have that health care coverage paid for?
10:33:49 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	Three questions on capital budgets. What is the total annual capital budget dollar-wise?
10:34:02 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	A dollar amount identified annually for capital expenditures?
10:34:14 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	Who identifies the capital projects?
10:34:45 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	Going back over the seven years you've been there, what type of capital projects have been identified? Besides line painting and those kind of things, I mean, true capital projects?
10:36:31 AM	Vice Chairman Cicero - witness Smith	
	Note: Sacre, Candace	Not to sound disrespectful, but it doesn't sound like there's much of a capital project plan at least that's been on an on-going basis, so my last question is how much money is in your depreciation reserve?
10:37:04 AM	Vice Chairman Cicero	
	Note: Sacre, Candace	That's all I have.
10:37:06 AM	Chairman Schmitt	
	Note: Sacre, Candace	Commissioner Mathews, anything else?
10:37:11 AM	Commissioner Mathews - witness Smith	
	Note: Sacre, Candace	Examination. Looking at this 2020 projected, maybe I've heard so much - I'll answer to either. Maybe I'm confused, and there's been a lot said. I thought it was you received the \$6,000 or health insurance, but your projected 2020 has both?
10:37:55 AM	Commissioner Mathews - witness Smith	
	Note: Sacre, Candace	And you're the only person who will fall under that clause?

10:38:27 AM	Commissioner Mathews - witness Smith Note: Sacre, Candace	So yes or no, you're the only person or you're not the only person?
10:38:34 AM	Commissioner Mathews - witness Smith Note: Sacre, Candace	Because that's - I was getting confused with that.
10:39:00 AM	Commissioner Mathews - witness Smith Note: Sacre, Candace	Is that why your FICA is a different amount than everyone else's?
10:39:09 AM	Commissioner Mathews Note: Sacre, Candace	Those are all my - I couldn't keep everyone straight.
10:39:15 AM	Chairman Schmitt Note: Sacre, Candace	Mr. Goss, let's take a ten-minute break, and then you can examine your witness.
10:39:18 AM	Atty Goss Knott District Note: Sacre, Candace	All right, sir.
10:39:19 AM	Chairman Schmitt Note: Sacre, Candace	We'll be in recess until five minutes until 11, and that'll take us about to lunch.
10:39:41 AM	Session Paused	
10:57:29 AM	Session Resumed	
10:57:32 AM	Chairman Schmitt Note: Sacre, Candace	We're now back on the record. Mr. Goss, redirect examination?
10:57:35 AM	Atty Goss Knott District Note: Sacre, Candace	Thank you, Mr. Chairman. I'm going to try to ask the witness questions with a cough drop in my mouth, so if I spit it out, I don't mean any offense.
10:57:47 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Redirect Examination. Mr. Smith, I want to go back to some of the lines of questioning that have been asked previously about how these health insurance benefits came into being. Why did you feel it necessary to have the former general manager of Knott County Water and Sewer District L. J. Turner to check with the Public Service Commission before these health benefits were initiated in 2016?
10:58:25 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	I think it's been established here the board could have done better in terms of papering up the action, is that right?
10:58:36 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	As far as you know, was the Knott County Fiscal Court aware of the action that the Knott County Water District had taken with respect to these benefits?
10:59:13 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Was there an intention on the part of Knott County Water and Sewer District board of directors to hide this or to try to engage in some subterfuge?
10:59:30 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	The resolution that's been talked about in the course of this hearing that the Knott Fiscal Court entered in May of 2019, I think we've established, indicates that there's going to be no change in compensation/benefits to existing board members, only those that were appointed on or after May 17, 2019. Is that a fair characterization?
10:59:56 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	So when does your term end?
11:00:09 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Do you know the month, or is it in - did you say April? Is April the month of the year that these things come around?

11:00:14 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	So 2022?
11:00:17 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	And what is your understanding or what have you been operating under in terms of what your status will be with respect to health insurance benefits as a result of this resolution when 2022 rolls around?
11:00:33 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	I want to make sure there's no confusion. It's not your position or the position of the Knott County Water and Sewer District that those that are in place prior to the enactment of this resolution are grandfathered in as long as you're on the board?
11:00:50 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	So you are the sole remaining director that is subject to the health insurance benefits, is that correct?
11:01:05 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	I think we've established that all the others don't have the benefit for whatever reason, including Mr. Hamilton because of the vacancy issue that's currently pending, is that correct?
11:01:26 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	And in terms of the actual dollars that payment of these health benefits on your behalf result to the district, can you tell the commission how much those premiums would be and how much the district is actually out a year or will be out in 2020?
11:02:08 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Mr. Chairman, may I please approach the witness?
11:02:09 AM	Chairman Schmitt Note: Sacre, Candace	Yes, you may.
11:02:13 AM	Atty Goss Knott District Note: Sacre, Candace	I'm going to hand you what has already been filed in the record, and I'm not going to make another exhibit because I don't want to litter the record, but I want to hand you Knott County Water and Sewer's Supplemental Response to Commission Staff's Second Request No. 3, which is the 2020 projected numbers. I don't know if you all have it or want it.
11:02:35 AM	Commissioner Mathews Note: Sacre, Candace	We've got it. We have it.
11:02:50 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Let me ask you to tell the Commission, for the record, how much in health insurance, vision and dental, and life you will cost Knott County Water and Sewer District in 2020 when you back out your wages and FICA?
11:03:23 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	I'm sorry?
11:03:35 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Let's do just a little bit of math here. If your total benefits are, let's do round numbers, \$20,000, and you subtract six thousand from that for your wages, that leaves fourteen, and you take out \$200 for FICA, that's thirteen-eight, plus or minus. Do you agree with those numbers, subject to check?
11:04:12 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	So is that \$13,800 the sum and substance of what health insurance, vision, dental, and life is going to cost Knott County Water and Sewer District in 2020?
11:04:28 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	And you have no idea what it's going to be for 2021, do you?

11:04:35 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	And, in 2022, at some point during the year, it goes away on you?
11:04:43 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	So you will have the same election to make as everyone else?
11:04:56 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	There was some discussion about the amount of time that you spent in meetings from 2015 through almost the end of 2019, and I'm just looking at the chart here, and I haven't done the calculations, but it appears that the average may be somewhere, in terms of meetings, somewhere around two hours, plus or minus. Do you remember the Chairman asking you about that?
11:05:25 AM	Atty Goss Knott District Note: Sacre, Candace	And that's Exhibit 1, for the record, to the hearing here today.
11:05:30 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Is two hours a month all the time that you as chair of the Knott County Water and Sewer Board spend doing District or engage in District activities?
11:05:41 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	And describe what other types of things and activities that you do for the District on a typical monthly basis and approximately the amount of time that it takes you to do that.
11:06:06 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	How long does that take you?
11:06:23 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	And you do that once a week?
11:06:26 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	And what other types of activities? Are you an active or a passive board chair of Knott County Water and Sewer District?
11:07:09 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Do you ever get phone calls from customers about issues, breaks, water main breaks or water quality or anything like that?
11:09:02 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	How would you describe the current state of Knott County Water and Sewer not from a financial perspective, I think that's really what this case is about, but from the perspective of infrastructure?
11:10:30 AM	Atty Goss Knott District Note: Sacre, Candace	May approach the witness, Mr. Chairman?
11:10:32 AM	Chairman Schmitt Note: Sacre, Candace	Yes, you may.
11:10:36 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Mr. Smith, I want to hand you what's been marked as Knott District Collective Exhibit No. 1, and what I'm going to do is, with the Chairman's permission, on the back in the upper right-hand corner, I'm going to mark the first photograph as 1A, the second photograph as 1B, the third photograph as 1C, and the fourth one as 1D, and ask you if you know what these photographs are and what they depict and, if you would, just generally describe to the Commission what they are and what happened.
11:11:44 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	For the edification of the uninformed, in Eastern Kentucky, what is Kentucky Highway 15 and what is its importance?
11:12:03 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Does it bisect the Carr Fork Lake?
11:12:06 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Where was this slide?

11:12:50 AM	Atty Goss Knott District - witness Smith	
	Note: Sacre, Candace	How close is that slide to your plant?
11:13:01 AM	Atty Goss Knott District - witness Smith	
	Note: Sacre, Candace	And I don't want to belabor this, but I want you to describe for the Commission what happened, when it happened, and why we're even showing these photographs to them, if you would, sir.
11:14:11 AM	Atty Goss Knott District - witness Smith	
	Note: Sacre, Candace	I want to ask you to look at what I've marked as Knott District's Exhibit 1A and just briefly describe what that photo shows, please, sir.
11:14:49 AM	Atty Goss Knott District - witness Smith	
	Note: Sacre, Candace	Who was?
11:15:31 AM	Atty Goss Knott District - witness Smith	
	Note: Sacre, Candace	So you got the call at 1:30 in the afternoon or 1:30 in the middle of the night?
11:15:36 AM	Atty Goss Knott District - witness Smith	
	Note: Sacre, Candace	In the afternoon, all right.
11:15:55 AM	Atty Goss Knott District - witness Smith	
	Note: Sacre, Candace	What does Knott District Exhibit 1B depict?
11:16:09 AM	Atty Goss Knott District - witness Smith	
	Note: Sacre, Candace	It looks like a pretty good size, I call it, a gaping hole in the line. Was that the only fracture in the line, the only break?
11:16:36 AM	Atty Goss Knott District - witness Smith	
	Note: Sacre, Candace	What is Knott District Exhibit 1C, please?
11:16:51 AM	Atty Goss Knott District - witness Smith	
	Note: Sacre, Candace	And what is Knott District Exhibit 1D?
11:17:01 AM	Atty Goss Knott District - witness Smith	
	Note: Sacre, Candace	How long did this repair take?
11:17:38 AM	Atty Goss Knott District - witness Smith	
	Note: Sacre, Candace	So Exhibit 1A appears to show, at the top of the photo, some trees that are bent over and broken. Is that where the spoil from the slide came from?
11:17:50 AM	Atty Goss Knott District - witness Smith	
	Note: Sacre, Candace	And it came down onto the right-of-way?
11:17:59 AM	Atty Goss Knott District	
	Note: Sacre, Candace	Mr. Chairman, I'd move for a formal admission of this exhibit.
11:18:02 AM	Chairman Schmitt	
	Note: Sacre, Candace	Let it be admitted as Knott County Water and Sewer District Exhibits 1A, B, C, and D.
11:18:11 AM	KNOTT DISTRICT EXHIBITS 1A - 1D	
	Note: Sacre, Candace	ATTY GOSS KNOTT DISTRICT - WITNESS SMITH
	Note: Sacre, Candace	01/16/2020 LINE BREAK PHOTOGRAPHS
11:18:14 AM	Atty Goss Knott District - witness Smith	
	Note: Sacre, Candace	How long did you spend on the site? How many hours did you spend on the site?
11:18:21 AM	Atty Goss Knott District - witness Smith	
	Note: Sacre, Candace	Did other District commissioners participate?
11:19:01 AM	Atty Goss Knott District - witness Smith	
	Note: Sacre, Candace	This was an extraordinary break in your system, wasn't it?
11:19:10 AM	Atty Goss Knott District - witness Smith	
	Note: Sacre, Candace	Since you've been on the board, have there been others maybe less serious but similar situations where you've stopped what you've done and provided assistance for several hours at a time?
11:20:29 AM	Atty Goss Knott District - witness Smith	
	Note: Sacre, Candace	Is that where Mr. L. J. Turner went?

11:20:40 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	I know you're a mining engineer, but does your engineering background assist the District in situations like we just saw there in Exhibit 1 and others?
11:21:29 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	Those are all the questions that I have of you concerning what's been discussed today. I did note that, in the preamble to the hearing today, the Chairman indicated, and he may intend to ask somebody else, but let me ask you. Has there been any change in the Corps of Engineer negotiation or contract or arrangement since the last set of Data Request Responses were provided?
11:22:00 AM	Atty Goss Knott District - witness Smith Note: Sacre, Candace	And what is that? Are you waiting on the Corps to take action?
11:22:14 AM	Atty Goss Knott District Note: Sacre, Candace	That's all I have, Mr. Chairman.
11:22:17 AM	Chairman Schmitt Note: Sacre, Candace	Any further questions from Staff?
11:22:19 AM	Staff Atty Coltrane PSC Note: Sacre, Candace	No.
11:22:20 AM	Chairman Schmitt Note: Sacre, Candace	Commissioner Cicero?
11:22:22 AM	Vice Chariman Cicero - witness Smith Note: Sacre, Candace	I appreciate all the work that you do in terms of your skills and abilities as an engineer and Mr. Goss pointing that out, but there's many commissioners that have skills that are utilized by the various boards and still only receive \$6,000 a year in compensation without health care.
11:22:48 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	I took the \$20,000, the average 24 hours per year that Mr. Goss quoted for two hours per each meeting, and added five hours per week in order to come up with some kind of an average hourly wage, excluding portal to portal. I don't think anybody gets paid for travel except lawyers at times. That would put your annual salary, extrapolated out if you were paid that for every hour that you work, it's somewhere around \$150,000, and that's the problem that the Commission has when we look at these kinds of payments of which we consider are excessive,
11:23:32 AM	Vice Chairman Cicero - witness Smith Note: Sacre, Candace	And that's not really a question of you. That's just a comment from me on how I view this.
11:23:36 AM	Vice Chairman Cicero Note: Sacre, Candace	I don't have anything else.
11:23:38 AM	Chairman Schmitt Note: Sacre, Candace	Commissioner Mathews?
11:23:39 AM	Commissioner Mathews Note: Sacre, Candace	I don't have anything.
11:23:40 AM	Chairman Schmitt Note: Sacre, Candace	I have nothing further. Mr. Wuetcher, anything?
11:23:43 AM	Atty Wuetcher Letcher District Note: Sacre, Candace	I have no questions, Your Honor.
11:23:44 AM	Chairman Schmitt Note: Sacre, Candace	Mr. McNeil?
11:23:45 AM	Atty Gen McNeil Note: Sacre, Candace	Nothing further.

11:23:46 AM	Atty Goss Knott District	
	Note: Sacre, Candace	No, Your Honor.
11:23:46 AM	Chairman Schmitt	
	Note: Sacre, Candace	Anything else, Mr. Goss?
11:23:48 AM	Chairman Schmitt	
	Note: Sacre, Candace	May this witness then be excused?
11:23:50 AM	Staff Atty Coltrane PSC	
	Note: Sacre, Candace	Yes, Your Honor.
11:23:51 AM	Chairman Schmitt	
	Note: Sacre, Candace	You may stand down and be excused. Thank you, Mr. Smith.
11:23:55 AM	Chairman Schmitt	
	Note: Sacre, Candace	Ms. Coltrane, would you like to call another witness?
11:23:57 AM	Session Note Entry	
	Note: Sacre, Candace	Mr. Dale Hamilton.
11:24:14 AM	Chairman Schmitt	
	Note: Sacre, Candace	Witness is sworn.
11:24:24 AM	Atty Goss Knott District - witness Hamilton	
	Note: Sacre, Candace	Direct Examination. Mr. Hamilton, would you state your full name for the record, please?
11:24:29 AM	Atty Goss Knott District - witness Hamilton	
	Note: Sacre, Candace	What is your age, address, and occupation?
11:24:41 AM	Atty Goss Knott District - witness Hamilton	
	Note: Sacre, Candace	What kind of business do you have?
11:24:44 AM	Atty Goss Knott District - witness Hamilton	
	Note: Sacre, Candace	And how long have you been a director for Knott County Water and Sewer District?
11:24:52 AM	Atty Goss Knott District - witness Hamilton	
	Note: Sacre, Candace	That's all I have, Mr. Chairman.
11:24:55 AM	Chairman Schmitt	
	Note: Sacre, Candace	Ms. Coltrane, questions?
11:25:00 AM	Staff Atty Coltrane PSC - witness Hamilton	
	Note: Sacre, Candace	Cross Examination. Can you give a general description of what your duties and responsibilities as a commissioner are?
11:25:20 AM	Staff Atty Coltrane PSC - witness Hamilton	
	Note: Sacre, Candace	What is your salary as a Knott District commissioner?
11:25:26 AM	Staff Atty Coltrane PSC - witness Hamilton	
	Note: Sacre, Candace	So you do receive health benefits?
11:25:35 AM	Staff Atty Coltrane PSC - witness Hamilton	
	Note: Sacre, Candace	How much are those health benefits? Do you know off the top of your head?
11:25:39 AM	Staff Atty Coltrane PSC - witness Hamilton	
	Note: Sacre, Candace	Do you receive dental?
11:25:42 AM	Staff Atty Coltrane PSC - witness Hamilton	
	Note: Sacre, Candace	Do you receive vision?
11:25:48 AM	Staff Atty Coltrane PSC - witness Hamilton	
	Note: Sacre, Candace	And what plan do you receive health insurance? Is it single? Is it family?
11:25:59 AM	Staff Atty Coltrane PSC - witness Hamilton	
	Note: Sacre, Candace	Were you involved in the discussions regarding the initial offer of health insurance benefits to the commissioners?
11:26:07 AM	Staff Atty Coltrane PSC - witness Hamilton	
	Note: Sacre, Candace	And that was in 2016, is that right?
11:26:15 AM	Staff Atty Coltrane PSC - witness Hamilton	
	Note: Sacre, Candace	Were you also involved in the vote to give health insurance benefits?

11:26:24 AM	Staff Atty Coltrane PSC - witness Hamilton	
	Note: Sacre, Candace	In relation to the discussions, do you recall any specifics about how that occurred?
11:26:50 AM	Staff Atty Coltrane PSC - witness Hamilton	
	Note: Sacre, Candace	And counsel was Mr. Tackett?
11:26:57 AM	Staff Atty Coltrane PSC - witness Hamilton	
	Note: Sacre, Candace	I don't have any further questions, Chairman.
11:26:59 AM	Chairman Schmitt	
	Note: Sacre, Candace	Commissioner Cicero, questions?
11:27:01 AM	Vice Chairman Cicero - witness Hamilton	
	Note: Sacre, Candace	Just to confirm what you just said, there was no vote on a resolution to adopt health care benefits?
11:27:11 AM	Vice Chairman Cicero - witness Hamilton	
	Note: Sacre, Candace	There was a discussion?
11:27:13 AM	Vice Chairman Cicero - witness Hamilton	
	Note: Sacre, Candace	But no vote?
11:27:14 AM	Vice Chairman Cicero - witness Hamilton	
	Note: Sacre, Candace	Discussion but no vote?
11:27:23 AM	Vice Chairman Cicero - witness Hamilton	
	Note: Sacre, Candace	Okay, so voted within the commission to adopt?
11:27:38 AM	Vice Chairman Cicero - witness Hamilton	
	Note: Sacre, Candace	So how does that result in an approval if there's no vote?
11:27:50 AM	Vice Chairman Cicero - witness Hamilton	
	Note: Sacre, Candace	Who was offering it?
11:27:59 AM	Vice Chairman Cicero - witness Hamilton	
	Note: Sacre, Candace	But you're not under the county system?
11:28:01 AM	Vice Chairman Cicero - witness Hamilton	
	Note: Sacre, Candace	Your system is separate?
11:28:04 AM	Vice Chairman Cicero - witness Hamilton	
	Note: Sacre, Candace	So who made the offer?
11:28:18 AM	Vice Chairman Cicero - witness Hamilton	
	Note: Sacre, Candace	So the commission members brought it up for discussion at a board meeting in apparently a closed session, and you discussed whether you wanted to do that or not, but you didn't vote among yourselves on whether to - apparently -
11:28:40 AM	Vice Chairman Cicero - witness Hamilton	
	Note: Sacre, Candace	Did somebody propose it? Did somebody propose it, and then it was seconded and -
11:28:46 AM	Vice Chairman Cicero - witness Hamilton	
	Note: Sacre, Candace	So, in reality, there's probably nothing that's been approved by anybody from what the record shows.
11:29:07 AM	Vice Chairman Cicero	
	Note: Sacre, Candace	I don't have any other questions.
11:29:08 AM	Chairman Schmitt	
	Note: Sacre, Candace	Commissioner Mathews?
11:29:10 AM	Commissioner Mathews	
	Note: Sacre, Candace	I don't have any.
11:29:12 AM	Chairman Schmitt - witness Hamilton	
	Note: Sacre, Candace	Mr. Hamilton, you've seen the PSC Staff Opinion?
11:29:24 AM	Chairman Schmitt - witness Hamilton	
	Note: Sacre, Candace	I mean, that's why you decided to do it?

11:29:30 AM	Chairman Schmitt - witness Hamilton Note: Sacre, Candace	On page three of the Staff Opinion, let me read it to you, "When considering any extension of health insurance coverage, Laurel District," and that's Laurel County Water District, "commissioners should proceed with caution. KRS 74.020(3) provides 'commissioners who participate in an official action by the water district board of commissioners which results in a direct benefit to him may be removed from office as provided by KRS 65.007 or 74.455.'"
11:30:15 AM	Chairman Schmitt - witness Hamilton Note: Sacre, Candace	New paragraph, "Extension of health insurance coverage to the members of the Laurel District's board of commissioners represents a direct financial benefit to each member of the board. Any vote to extend coverage to current members therefore will subject any commissioner voting in favor of extension subject to possible removal."
11:30:42 AM	Chairman Schmitt - witness Hamilton Note: Sacre, Candace	And what you all did was decided among yourselves to give to yourselves, not to give it to future appointees, isn't that correct? You gave it to yourselves? You decided that you'd give yourselves these benefits?
11:31:01 AM	Chairman Schmitt - witness Hamilton Note: Sacre, Candace	No, I'm not talking about the county. I'm talking about when you all decided in executive session to award yourself health insurance benefits. You did it so that you all could have the benefits? The benefits started then, on January 1, 2017, when you were on the board, not four years later or three years later when some new person came on the board, isn't that correct?
11:31:34 AM	Chairman Schmitt - witness Hamilton Note: Sacre, Candace	And why was it that, when you all decided to do this in executive session, you didn't come out in open session and discuss it and take a formal vote on it?
11:31:55 AM	Chairman Schmitt - witness Hamilton Note: Sacre, Candace	I noticed, in reviewing your minutes for the last four years or so, there's usually a reporter there from The Troublesome Creek Times at your meetings, isn't that correct?
11:32:07 AM	Chairman Schmitt - witness Hamilton Note: Sacre, Candace	But she never knew this because it was never put out in the public, never exposed for public view, was it?
11:32:17 AM	Chairman Schmitt - witness Hamilton Note: Sacre, Candace	Do you understand that in this case that the District filed two motions seeking to keep confidential the amount of the commissioner's health and other insurance benefits? Did you know that?
11:32:46 AM	Chairman Schmitt - witness Hamilton Note: Sacre, Candace	It included you all, did you know that?
11:32:51 AM	Chairman Schmitt - witness Hamilton Note: Sacre, Candace	I just was looking at earlier - you were present at every meeting through 11 months of 2019. The December minutes weren't there. I guess because they hadn't been approved yet. But, anyway, looking at that for over an 11-month period, you missed one meeting, so out of a total of 19.2 hours in meetings, you attended 17.8 hours. And, if you look at that, including your health insurance benefits and your salary of \$6,000, the value of your meeting time was \$852.79 an hour. Is that fair, in your view, to the public, to the ratepayers?

11:33:47 AM	Chairman Schmitt - witness Hamilton Note: Sacre, Candace	I guess it is, but what's your opinion? What's your opinion?
11:33:58 AM	Chairman Schmitt - witness Hamilton Note: Sacre, Candace	The reason that I ask, and I just looked up on Kentucky Unemployment rates as of October 2019, seasonally adjusted, and this came from the Workforce Intelligence Branch, Kentucky Center for Statistics, Kentucky Education and Workforce Development Cabinet, showed that the unemployment rate in the United States is 3.3 percent; in Kentucky, the entire state, 3.7 percent; and in Knott County, it's 6.2 percent or almost double the national average. Would you dispute that?
11:34:43 AM	Chairman Schmitt - witness Hamilton Note: Sacre, Candace	And then the United States Department of Agriculture, Economic Research Service, shows that in 2019 that 34.6 percent of the people, the entire population, of Knott County was at or below the poverty level. Would you dispute that?
11:35:07 AM	Chairman Schmitt Note: Sacre, Candace	I have no further questions.
11:35:10 AM	Chairman Schmitt Note: Sacre, Candace	Mr. Wuetcher?
11:35:11 AM	Atty Wuetcher - Letcher District Note: Sacre, Candace	I have just a few, Your Honor.
11:35:14 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	Good morning, Mr. Hamilton. Going back to the discussions that you had when you were considering adding, expanding the health insurance, was there any discussion during that meeting about the cost, additional cost, that would be imposed on the District that you can recall?
11:35:35 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	Was there any discussion regarding what the other water districts, either in your all's region or across the state, how they handled or whether they offered health insurance coverage to their commissioners?
11:35:53 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	Was there any discussion about the possible effect on the utility's rates if you provided that coverage in terms of the added cost?
11:36:07 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	To the best that you can recall, was there any concern about how the public might perceive the commissioners' voting the extension of coverage to themselves?
11:36:21 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	Does the board take a look at various components of the District's costs during the year? Does it kind of look at elements and say, "Have these costs gone up or gone down?"
11:36:34 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	Have you all looked or done any type of comparison in terms of your employee benefit costs the last few years?
11:36:47 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	Would you agree that the employee pension and benefit costs that the District had in 2016 that they increased by about \$150,000 the following year?
11:37:08 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	Well, overall, all the employee pension and benefits expenses.

11:37:16 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	Let me step back a second. Let me represent to you the Annual Report that Knott County has filed with the Public Service Commission for the year 2016 reported employee pensions and benefits expense of \$213,765, and the report filed in the calendar year 2017 reported expenses of \$359,275. I know you don't have those readily at hand. Would you accept subject to check that those are correct?
11:37:55 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	Did the board, in 2017 or 2018, take a look at those costs and see that they had increased by a factor of about maybe 75 percent?
11:38:11 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	And was there any review as to the reasons for those costs?
11:38:19 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	When you say insurance, are you talking about just the addition of the commissioners' insurance or just insurance costs overall?
11:38:27 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	Everything, okay, but the board was aware those costs were increased?
11:38:34 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	And I take it that was an area of concern for the board?
11:38:45 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	Your current health insurance provider, I guess, is the Kentucky Employees Health Insurance Plan. I guess that's actually the state plan, is that correct?
11:38:54 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	How long, as best you can recall, has Knott County Water District been using that plan or participating in it?
11:39:08 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	Yes, sir.
11:39:16 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	So it would have been eight or nine years ago, at least, to your recollection?
11:39:20 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	Do you know, during that time, has the District gone back to look at other potential vendors? Have you all discussed that in any board meetings?
11:39:34 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	And I can ask this to your CFO, but do you recall if the board gave instructions to the CFO to look at various plans to see if there might be other ones of similar cost or might provide additional flexibility?
11:39:56 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	But you don't recall any bids coming in and the board comparing plans?
11:40:03 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	The other question I've got for you is just the insurance waiver credit. Do you recall about what time that was actually implemented by the District?
11:40:17 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	Do you know if it's ever been reviewed by the board in terms of whether it should be continued or modifications should be made to it?
11:40:31 AM	Atty Wuetcher Letcher District - witness Hamilton Note: Sacre, Candace	To the best of your knowledge, has that issue ever been discussed by the board at least in the last few years?

11:40:42 AM	Atty Wuetcher Letcher District Note: Sacre, Candace	That's all I have, Your Honor. Thank you.
11:40:44 AM	Chairman Schmitt Note: Sacre, Candace	Mr. McNeil, questions?
11:40:48 AM	Asst Atty Gen McNeil Note: Sacre, Candace	No questions.
11:40:55 AM	Chairman Schmitt - witness Hamilton Note: Sacre, Candace	Are there any members of the Knott County Fiscal Court who work for the Knott County Water and Sewer District?
11:41:07 AM	Chairman Schmitt - witness Hamilton Note: Sacre, Candace	Who would that be?
11:41:09 AM	Chairman Schmitt - witness Hamilton Note: Sacre, Candace	And Mr. Shrum is an employee of the Water and Sewer District and is also a member of the fiscal court, is that correct?
11:41:32 AM	Chairman Schmitt - witness Hamilton Note: Sacre, Candace	I noticed in the meetings, the fiscal court minutes that I've seen, he always recused himself or he abstained from voting.
11:41:43 AM	Chairman Schmitt Note: Sacre, Candace	No further questions. Mr. Goss, questions?
11:41:44 AM	Atty Goss Knott District Note: Sacre, Candace	No questions.
11:41:45 AM	Chairman Schmitt Note: Sacre, Candace	Anything further, Ms. Coltrane?
11:41:48 AM	Staff Atty Coltrane PSC Note: Sacre, Candace	No, Your Honor.
11:41:50 AM	Chairman Schmitt Note: Sacre, Candace	May this witness be excused?
11:41:51 AM	Staff Atty Coltrane PSC Note: Sacre, Candace	Yes, Your Honor.
11:41:52 AM	Chairman Schmitt Note: Sacre, Candace	Thank you, Mr. Hamilton. You may be step down.
11:41:56 AM	Chairman Schmitt Note: Sacre, Candace	Do you want to call your next witness? Maybe we can get part of one done here real quick.
11:42:00 AM	Staff Atty Coltrane PSC Note: Sacre, Candace	Mr. Ricky McDaniel.
11:42:12 AM	Chairman Schmitt Note: Sacre, Candace	Witness is sworn.
11:42:20 AM	Chairman Schmitt Note: Sacre, Candace	Mr. Goss?
11:42:22 AM	Atty Goss Knott District - witness McDaniel Note: Sacre, Candace	Mr. McDaniel, would you please state your full name, age, address, and occupation for the Public Service Commission?
11:42:41 AM	Atty Goss Knott District - witness McDaniel Note: Sacre, Candace	And what is your occupation?
11:42:45 AM	Atty Goss Knott District - witness McDaniel Note: Sacre, Candace	How long have you been a commissioner for the Knott County Water and Sewer District?
11:42:53 AM	Atty Goss Knott District - witness McDaniel Note: Sacre, Candace	June of 2019?
11:42:56 AM	Atty Goss Knott District Note: Sacre, Candace	That's all I have. Mr. Chairman. Pass the witness.
11:42:59 AM	Chairman Schmitt Note: Sacre, Candace	Ms. Coltrane?

11:43:04 AM	Staff Atty Coltrane PSC - witness McDaniel Note: Sacre, Candace	Cross Examination. What is your salary as a Knott District commissioner?
11:43:10 AM	Staff Atty Coltrane PSC - witness McDaniel Note: Sacre, Candace	Do you receive health benefits?
11:43:16 AM	Staff Atty Coltrane PSC - witness McDaniel Note: Sacre, Candace	Under what KEHP plan do you receive health insurance? Is it single, family, or you don't receive health benefits, is that correct?
11:43:31 AM	Staff Atty Coltrane PSC - witness McDaniel Note: Sacre, Candace	Were you involved in the discussions regarding the offer of health insurance benefits to board members?
11:43:39 AM	Staff Atty Coltrane PSC - witness McDaniel Note: Sacre, Candace	At the time that the May 20 resolution came before the fiscal court, were you an employee of the fiscal court?
11:44:00 AM	Staff Atty Coltrane PSC - witness McDaniel Note: Sacre, Candace	You were road supervisor for the fiscal court?
11:44:03 AM	Staff Atty Coltrane PSC - witness McDaniel Note: Sacre, Candace	Were you involved in the discussions of that resolution with Knott District to either provide a \$6,000 salary or the benefits?
11:45:00 AM	Staff Atty Coltrane PSC - witness McDaniel Note: Sacre, Candace	At the time that the issue of whether or not to provide this either/or situation was being discussed among the county judge-executive and the fiscal court, were you aware of that?
11:45:31 AM	Staff Atty Coltrane PSC - witness McDaniel Note: Sacre, Candace	But you weren't involved in the drafting of the resolution or any discussion amongst the county judge executive or the fiscal court about whether or not the resolution should be executed or anything like that?
11:45:45 AM	Staff Atty Coltrane PSC - witness McDaniel Note: Sacre, Candace	You just knew that that was a discussion that was happening?
11:45:51 AM	Staff Atty Coltrane PSC Note: Sacre, Candace	I don't believe I have any other questions, Your Honor.
11:45:54 AM	Chairman Schmitt Note: Sacre, Candace	Commissioner Cicero?
11:45:55 AM	Vice Chairman Cicero - witness McDaniel Note: Sacre, Candace	Examination. Just confirming, you do not receive a health care credit for not receiving health care from the Water District?
11:46:04 AM	Vice Chairman Cicero - witness McDaniel Note: Sacre, Candace	That's all I have.
11:46:06 AM	Chairman Schmitt Note: Sacre, Candace	Commissioner Mathews?
11:46:08 AM	Commissioner Mathews Note: Sacre, Candace	I don't have any questions.
11:46:10 AM	Chairman Schmitt - witness McDaniel Note: Sacre, Candace	Examination I think maybe Mr. Smith suggested perhaps you were also Deputy County Judge?
11:46:18 AM	Chairman Schmitt - witness McDaniel Note: Sacre, Candace	I mean, do you get a separate salary or anything being Deputy County Judge-Executive?
11:46:26 AM	Chairman Schmitt Note: Sacre, Candace	I have no further questions.
11:46:28 AM	Chairman Schmitt Note: Sacre, Candace	Mr. Wuetcher?
11:46:29 AM	Atty Wuetcher Letcher District Note: Sacre, Candace	Just a couple.

11:46:43 AM	Atty Wuetcher Letcher District - witness McDaniel Note: Sacre, Candace	Cross Examination. First of all, good morning, sir. As a county employee, are you on the Kentucky Employees' insurance plan, or does the county have a different health insurance provider?
11:46:50 AM	Atty Wuetcher Letcher District - witness McDaniel Note: Sacre, Candace	Okay, so it's not the same provider that the Water District gets its insurance through?
11:46:57 AM	Atty Wuetcher Letcher District - witness McDaniel Note: Sacre, Candace	The only other questions I've got, in the time that you've been on the board, has there been any discussion about your health insurance provider in terms of comparing or examining other potential health insurance providers?
11:47:12 AM	Atty Wuetcher Letcher District - witness McDaniel Note: Sacre, Candace	In terms of the waiver, insurance waiver credit, has there been any discussion regarding it?
11:47:20 AM	Atty Wuetcher Letcher District Note: Sacre, Candace	Thank you, sir. That's all I have.
11:47:21 AM	Chairman Schmitt Note: Sacre, Candace	Mr. McNeil?
11:47:23 AM	Asst Atty Gen McNeil Note: Sacre, Candace	Just one.
11:47:26 AM	Asst Atty Gen McNeil - witness McDaniel Note: Sacre, Candace	Mr. McDaniel, Mr. Smith had mentioned that you sort of serve in the position of deputy judge-executive and on the board. You sort of serve as a conduit between the two? Is that accurate? Do you keep the fiscal court apprised of whatever -
11:47:44 AM	Asst Atty Gen McNeil - witness McDaniel Note: Sacre, Candace	You don't pass any information at all?
11:47:46 AM	Asst Atty Gen McNeil - witness McDaniel Note: Sacre, Candace	Is that on purpose you try to keep it separate?
11:48:00 AM	Asst Atty Gen McNeil - witness McDaniel Note: Sacre, Candace	What about just basic costs or, you know, there was some talk of fiscal -
11:48:20 AM	Asst Atty Gen McNeil - witness McDaniel Note: Sacre, Candace	Okay, but, just in general terms, if the fiscal court wants to cut costs, would they informally just ask you, is there something, maybe not in closed session, but something where you know of that "Here's an area where I know in the District where we can cut some costs?" You don't ever discuss that?
11:48:39 AM	Asst Atty Gen McNeil Note: Sacre, Candace	No more questions.
11:48:41 AM	Chairman Schmitt Note: Sacre, Candace	Mr. Goss, questions?
11:48:43 AM	Atty Goss Knott District Note: Sacre, Candace	Thank you, Mr. Chairman.
11:48:44 AM	Atty Goss Knott District - witness McDaniel Note: Sacre, Candace	Redirect Examination. Does the Knott County Water and Sewer District receive any benefit as a result of having the county road foreman as one of its commissioners?
11:49:03 AM	Atty Goss Knott District - witness McDaniel Note: Sacre, Candace	Can I assume - and I purposely don't want to lead you here, but I want to ask you if your District is the same as every other water district, most every other water district, in Eastern Kentucky, is most of the water mains for Knott County Water and Sewer along the right-of-way of these 762 roads that you have authority over?

11:49:32 AM	Atty Goss Knott District Note: Sacre, Candace	All right. That's all I have, Mr. Chairman.
11:49:34 AM	Chairman Schmitt Note: Sacre, Candace	Anything further, Ms. Coltrane? Anything else?
11:49:35 AM	Staff Atty Coltrane Note: Sacre, Candace	No, Your Honor.
11:49:36 AM	Chairman Schmitt Note: Sacre, Candace	May this witness be excused?
11:49:38 AM	Staff Atty Coltrane PSC Note: Sacre, Candace	Yes, Your Honor.
11:49:39 AM	Chairman Schmitt Note: Sacre, Candace	Thank you, Mr. McDaniel. You may be excused.
11:49:42 AM	Chairman Schmitt Note: Sacre, Candace	Let's see. How many - do we have two witnesses left?
11:49:47 AM	Staff Atty Coltrane PSC Note: Sacre, Candace	I was going to call Mr. Jacobs and go through the same kind of line of questioning, but I know that -
11:49:53 AM	Chairman Schmitt Note: Sacre, Candace	He's not in the room at this time. Your other witnesses may take - maybe this is Mr. Jacobs is coming here. (Click on link for further discussions.)
11:50:19 AM	Chairman Schmitt Note: Sacre, Candace	Witness is sworn.
11:50:28 AM	Atty Goss Knott District - witness Jacobs Note: Sacre, Candace	Direct Examination. Mr. Jacobs, would you please state your full name, age, address, and occupation for the Public Service Commission?
11:50:42 AM	Atty Goss Knott District - witness Jacobs Note: Sacre, Candace	Are you a Knott County resident?
11:50:45 AM	Atty Goss Knott District - witness Jacobs Note: Sacre, Candace	Give the Commission an idea of your educational background, please, sir.
11:51:06 AM	Atty Goss Knott District - witness Jacobs Note: Sacre, Candace	Were you a county prosecutor or a state prosecutor? I mean, I'm sorry, were you county attorney or Commonwealth's attorney?
11:51:13 AM	Atty Goss Knott District - witness Jacobs Note: Sacre, Candace	And then you went on the bench in what capacity?
11:51:17 AM	Atty Goss Knott District - witness Jacobs Note: Sacre, Candace	For what counties?
11:51:47 AM	Atty Goss Knott District - witness Jacobs Note: Sacre, Candace	When did you leave the bench and assume private practice?
11:51:58 AM	Atty Goss Knott District - witness Jacobs Note: Sacre, Candace	You've been in private law practice ever since?
11:52:02 AM	Atty Goss Knott District - witness Jacobs Note: Sacre, Candace	Give the Commission an idea of some of the committees, foundations, boards, for profit and non-profit, that you might have served on during your career.
11:53:18 AM	Atty Goss Knott District - witness Jacobs Note: Sacre, Candace	How long have you been a commissioner of Knott County Water and Sewer District board?
11:53:32 AM	Atty Goss Knott District Note: Sacre, Candace	I think that's all I have, Mr. Chairman.
11:53:33 AM	Chairman Schmitt Note: Sacre, Candace	Ms. Coltrane, questions?

11:53:35 AM	Staff Atty Coltrane PSC Note: Sacre, Candace	Yes.
11:53:36 AM	Staff Atty Coltrane PSC - witness Jacobs Note: Sacre, Candace	Cross Examination. What is your salary as a commissioner?
11:53:39 AM	Staff Atty Coltrane PSC - witness Jacobs Note: Sacre, Candace	Do you receive health benefits?
11:53:42 AM	Staff Atty Coltrane PSC - witness Jacobs Note: Sacre, Candace	Did you before?
11:53:44 AM	Staff Atty Coltrane PSC - witness Jacobs Note: Sacre, Candace	What did you receive before and when?
11:54:17 AM	Staff Atty Coltrane PSC - witness Jacobs Note: Sacre, Candace	Were you involved in the discussions rearding the initial offer of health insurance benefits to board members?
11:55:06 AM	Staff Atty Coltrane PSC Note: Sacre, Candace	No further questions, Your Honor.
11:55:08 AM	Chairman Schmitt Note: Sacre, Candace	Commissioner Cicero, questions?
11:55:10 AM	Vice Chairman Cicero Note: Sacre, Candace	Just one question.
11:55:12 AM	Vice Chairman Cicero - witness Jacobs Note: Sacre, Candace	Examination. Your term expired in January of this year?
11:55:16 AM	Vice Chairman Cicero - witness Jacobs Note: Sacre, Candace	April, okay, so you don't know if you've been reappointed or not?
11:55:26 AM	Vice Chairman Cicero - witness Jacobs Note: Sacre, Candace	So I guess the reason why your health care benefits don't show beyond January of 2020 is because you made the statement that you asked that all benefits for yourself be stopped?
11:55:39 AM	Vice Chairman Cicero Note: Sacre, Candace	I don't have any other questions.
11:55:41 AM	Chairman Schmitt Note: Sacre, Candace	Commissioner Mathews?
11:55:42 AM	Commissioner Mathews Note: Sacre, Candace	I don't have any questions.
11:55:43 AM	Chairman Schmitt Note: Sacre, Candace	I have no questions. Mr. Wuetcher?
11:55:46 AM	Atty Wuetcher Letcher District Note: Sacre, Candace	Just a couple.
11:55:48 AM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	Cross Examination. In your time on the board, do you recall any discussion regarding the employee health insurance waiver credit?
11:56:11 AM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	The other question I have is regarding the District's health insurance provider. Do you recall any discussion where potential alternatives to the existing health care provider were discussed?
11:56:35 AM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	And so that would have been - Mr. Turner left in about the fall of 2017?
11:56:43 AM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	And that was the only incidence that you can recall?
11:56:58 AM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	Do you know if there was any follow-up?
11:57:02 AM	Atty Wuetcher Letcher District Note: Sacre, Candace	Thank you. That's all I have.

11:57:04 AM	Chairman Schmitt Note: Sacre, Candace	Mr. McNeil?
11:57:05 AM	Asst Atty Gen McNeil Note: Sacre, Candace	I don't have any questions, Mr. Chairman.
11:57:06 AM	Chairman Schmitt Note: Sacre, Candace	Mr. Goss?
11:57:07 AM	Atty Goss Knott District - witness Jacobs Note: Sacre, Candace	Redirect Examination. What is your opinion about the way, generally, the way, the District is run and, I guess, the attributes, if any, that the board brings to the governance of Knott County Water and Sewer District?
12:01:49 PM	Atty Goss Knott District - witness Jacobs Note: Sacre, Candace	You're on the board there?
12:03:03 PM	Atty Goss Knott District - witness Jacobs Note: Sacre, Candace	Did you feel that, at the time that this was all discussed and went down in 2016, there was any sort of evil intent on the part of the Knott County Water and Sewer District board of commissioners to pull the wool over somebody's eyes?
12:03:26 PM	Atty Goss Knott District Note: Sacre, Candace	That's all I have, Mr. Chairman.
12:03:27 PM	Chairman Schmitt Note: Sacre, Candace	Anything further?
12:03:28 PM	Staff Atty Coltrane PSC Note: Sacre, Candace	Can I ask one more question?
12:03:29 PM	Chairman Schmitt Note: Sacre, Candace	Yes.
12:03:31 PM	Staff Atty Coltrane PSC - witness Jacobs Note: Sacre, Candace	Recross Examination. You had mentioned that at the time of the 2019 resolution coming down, the either/or resolution, you made the decision at that point to stop receiving benefits, is that correct?
12:04:07 PM	Staff Atty Coltrane PSC - witness Jacobs Note: Sacre, Candace	But, without you voluntarily giving it up, with respect to the resolution, would you today still receive both a salary and the benefits?
12:04:34 PM	Staff Atty Coltrane PSC Note: Sacre, Candace	Thank you, Your Honor. No further questions.
12:04:37 PM	Chairman Schmitt Note: Sacre, Candace	Commissioner Cicero?
12:04:39 PM	Vice Chairman Cicero - witness Jacobs Note: Sacre, Candace	Examination. You've referenced establishing a regional water board. Are there any references to a regional water board being established in the minutes of Knott County?
12:05:34 PM	Vice Chairman Cicero - witness Jacobs Note: Sacre, Candace	Aren't you helping the people of Knott County by spreading your fixed costs over a larger volume?
12:06:05 PM	Vice Chairman Cicero - witness Jacobs Note: Sacre, Candace	Why is it taking so long for an agreement to be reached with the Corps of Engineers to establish a new contract?
12:07:01 PM	Vice Chairman Cicero - witness Jacobs Note: Sacre, Candace	So, being an attorney and understanding how contracts work, you've been unable to convince your wholesale customers to sign an agreement?
12:07:32 PM	Vice Chairman Cicero - witness Jacobs Note: Sacre, Candace	So who is it that is responsible for negotiating the contract?

12:07:49 PM	Vice Chairman Cicero - witness Jacobs	
	Note: Sacre, Candace	Do they provide updates to you on the progress of negotiation?
12:07:55 PM	Vice Chairman Cicero - witness Jacobs	
	Note: Sacre, Candace	So when's the last update that was provided?
12:08:19 PM	Vice Chairman Cicero - witness Jacobs	
	Note: Sacre, Candace	So, given that there's no negotiated rate, you could increase the price to almost whatever you wanted to?
12:08:28 PM	Vice Chairman Cicero - witness Jacobs	
	Note: Sacre, Candace	Have you tried to do that?
12:08:54 PM	Vice Chairman Cicero - witness Jacobs	
	Note: Sacre, Candace	I'm not going to tell you how to run that portion of your business, but it seems to me, if you don't have contracts in place, you should try some other approach, especially if it's gone on for as long as it's gone on.
12:09:07 PM	Vice Chairman Cicero - witness Jacobs	
	Note: Sacre, Candace	As far as the regionalization, again, you talk about the negative impact that it's had because you are trying to support the sales of water into other areas besides Knott County. There hasn't been a rate increase since 2002.
12:09:23 PM	Vice Chairman Cicero - witness Jacobs	
	Note: Sacre, Candace	You've been on the board since 2016. Losses in the last three years are a million or more. Depreciation is not being covered. From what I understand, you've got a three-hundred-thousand-dollar depreciation reserve.
12:09:35 PM	Vice Chairman Cicero - witness Jacobs	
	Note: Sacre, Candace	Most of the loss that you have is associated with depreciation, which means that, at some point in time, this board has not looked at the fact that you're not recovering the depreciation, you're not planning ahead, and it doesn't matter whether you're a regional supplier of water or not. You won't be able to supply anybody if the board doesn't take action and start to look at the fact that they have to look at these on a more frequent basis.
12:10:00 PM	Vice Chairman Cicero - witness Jacobs	
	Note: Sacre, Candace	With the education that you have, I'm pretty sure you understand how the numbers work.
12:10:44 PM	Vice Chairman Cicero - witness Jacobs	
	Note: Sacre, Candace	I would say, for the residents of Knott County, if you're wearing out your plant and you're not negotiating a higher rate on your water or, at least, locking in a rate, then you're doing a disservice to your Knott County customers.
12:10:56 PM	Vice Chairman Cicero	
	Note: Sacre, Candace	I don't have any other comments.
12:10:58 PM	Chairman Schmitt	
	Note: Sacre, Candace	Commissioner Mathews?
12:10:59 PM	Commissioner Mathews	
	Note: Sacre, Candace	(Shook head negatively.)
12:11:00 PM	Chairman Schmitt - witness Jacobs	
	Note: Sacre, Candace	Examination. I would only add that a lot of troubled water districts are in Eastern Kentucky, unfortunately, and it all seems to be because there's a political component somewhere that says it's not politically popular to raise rates, although our experience has been that a rate increase every two, three, four years of a small percentage will go to keep your plant and infrastructure updated, and, at the end of 20 years, your rates will be lower than if you come in and then ask for an 80-percent rate increase.

12:11:42 PM	Chairman Schmitt - witness Jacobs Note: Sacre, Candace	Well, like Martin County, which is a classic example of where they let their infrastructure fall completely apart, and, now, we're talking thirteen-and-a-half, fourteen million dollars to bring it back to where it could be if they had used their depreciation reserve. But they would never ask for a rate increase, they would never cooperate with anyone else, and it creates a - obviously, it's short-sighted is all I'm saying, and I have a particular interest in wanting to see Eastern Kentucky prosper and survive, but it ain't easy.
12:12:19 PM	Chairman Schmitt - witness Jacobs Note: Sacre, Candace	And so that's why I think water district commissioners need to be especially vigilant, but I understand it's difficult under the circumstances, and especially when we live in an area of decline in population and lower incomes, it's not an easy pill to swallow.
12:12:39 PM	Chairman Schmitt - witness Jacobs Note: Sacre, Candace	With respect to regionalization, you have access to a limitless supply of water that some of these other areas of Perry County and Letcher County, you know, the Kentucky River is, what? Ankle deep in some of those places. There ought to be a way where you can cooperate or even combine districts. There are several counties in Kentucky that have a combined water district, and, as far as we know, as far as we're able to find out, they seem to be working. But I know in Eastern Kentucky we have a problem of not wanting, for whatever reason, to cooperate. If you're in a different county, you might as well be on the other side of the Earth, and it's kind of a shame. And I'll quit preaching about it, but that seems to be an issue.
12:13:54 PM	Chairman Schmitt - witness Jacobs Note: Sacre, Candace	I think it's refreshing that you've taken that position. Thank you.
12:14:00 PM	Chairman Schmitt Note: Sacre, Candace	Is there anything else from anybody? Mr. Goss?
12:14:01 PM	Atty Goss Knott District Note: Sacre, Candace	No, sir.
12:14:02 PM	Atty Wuetcher Letcher County Note: Sacre, Candace	Your Honor, I have a couple of questions.
12:14:04 PM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	Recross Examination. I want to go back for a second. You are aware that there is contract between Letcher County Water and Sewer District and Knott County Water and Sewer District on file with the Public Service Commission, are you not?
12:14:17 PM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	Now, that question was asked to Knott County Water District in an Information Request, whether there was still a contract, and the Response that Knott County came back said there is still a contract, so are you aware of that Response?
12:14:44 PM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	Now, under the terms of the contract that's on file, there was a requirement that before Knott County Water District could increase the rate it was required to do a cost-of-service study. Are you aware of that provision in the contract?
12:15:17 PM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	Let's go back to you stated that the District had essentially said it wanted to raise its rates. Did not the District go ahead and essentially present that, I'm going to call it a request, that request to Letcher County Water and Sewer District earlier, in the late part of last year? Not last year. I'm sorry. 2018?

12:15:45 PM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	And are you aware that the response of Letcher County Water District was to cite the contract but also to say that a cost-of-service study should be done and that it was willing to go ahead and work with Knott County Water and Sewer District for such a cost-of-service study?
12:16:35 PM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	And, rather than to get into a legal argument with you, are you saying that your position reflects that of the Water District, or is that your personal position?
12:17:33 PM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	The Knott County Water District received a significant amount of funding to go ahead and expand its water treatment plant, is that correct?
12:17:42 PM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	And do you know if part of that was premised on the notion that Knott County would be supplying not only water to the residents of Knott County but would be serving as a regional supplier?
12:18:28 PM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	You would agree that to the extent that Knott County supplies water to the residents outside of Knott County, those wholesale customers, outside residents should be paying the cost of service? They shouldn't be paying less than what the cost of service it costs Knott County to produce the water, is that correct?
12:18:59 PM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	And would you agree the inverse is also true; it would not be appropriate or reasonable for those wholesale customers to pay more than the cost of service and subsidize the retail customers of Knott County Water?
12:19:46 PM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	So to the extent - you've had a cost-of-service study performed, and you've presented it to the Commission?
12:19:53 PM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	And so to the extent that the Commission looks at that and makes its final decision and allocates the cost based on the cost of service, I'm trying to figure out where exactly then is your concern if those outside customers, those wholesale customers are paying the cost of service?
12:20:38 PM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	You're mentioning the Corps, the potential liability there, the increased cost, is there anything that would prohibit then Knott County then from coming back to the Commission to go ahead and reflect it, to add that cost?
12:20:56 PM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	Have you heard anything from your wholesale customers saying that they oppose the pass-through of any costs that the Commission finds to be reasonable?
12:21:12 PM	Atty Goss Knott District Note: Sacre, Candace	Are you prepared to stipulate that?
12:21:14 PM	Atty Wuetcher Letcher District Note: Sacre, Candace	I'm prepared to stipulate that Letcher County Water and Sewer District will pay a rate that the Commission deems to be reasonable.
12:21:28 PM	Atty Goss Knott District Note: Sacre, Candace	I think you're under that obligation anyway.

12:21:32 PM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	As the District, Knott County Water District is, is to charge the filed rate that the Commission deems to be reasonable?
12:21:41 PM	Atty Wuetcher Letcher District - witness Jacobs Note: Sacre, Candace	And I guess those other questions we'll defer to another day, but I appreciate your response.
12:21:47 PM	Atty Wuetcher Letcher District Note: Sacre, Candace	I have no further questions.
12:21:48 PM	Chairman Schmitt Note: Sacre, Candace	Mr. McNeil?
12:21:50 PM	Asst Atty Gen McNeil Note: Sacre, Candace	I don't have any questions.
12:21:51 PM	Chairman Schmitt Note: Sacre, Candace	Mr. Goss, anything else?
12:21:52 PM	Atty Goss Knott District Note: Sacre, Candace	No, sir.
12:21:53 PM	Chairman Schmitt Note: Sacre, Candace	All I can say is, I have some limited experience dealing with the Corps of Engineers, and good luck. It may take years before you get anything.
12:22:12 PM	Chairman Schmitt Note: Sacre, Candace	Anything further? May this witness be excused?
12:22:14 PM	Staff Atty Coltrane PSC Note: Sacre, Candace	Yes, Your Honor.
12:22:16 PM	Chairman Schmitt Note: Sacre, Candace	Thank you, Mr. Jacobs. You may step down.
12:22:18 PM	Chairman Schmitt Note: Sacre, Candace	Let's go into recess until 1:30.
12:22:45 PM	Session Paused	
1:33:44 PM	Session Resumed	
1:33:45 PM	Chairman Schmitt Note: Sacre, Candace	We're now back on the record. Ms. Coltrane, do you have another witness you'd like to call?
1:33:51 PM	Staff Atty Coltrane PSC Note: Sacre, Candace	I do. It's Mr. Kyle Smith.
1:34:07 PM	Chairman Schmitt Note: Sacre, Candace	Witness is sworn.
1:34:15 PM	Chairman Schmitt Note: Sacre, Candace	Mr. Goss?
1:34:17 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	Direct Examination. Mr. Smith, would you please state your full name for the record, please, your age, your address, and what your occupation is?
1:34:36 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	Would you please give the Commission a summary of your resume, your education, that sort of thing?
1:35:17 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	That's a very large lumber concern, isn't it?
1:35:21 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	That's a very large lumber concern, business, based in London?
1:35:32 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	What did you do for them?
1:35:46 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	Who else have you worked for?

1:36:27 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	So your degree's in business administration. You have a minor in accounting. You're not a Certified Public Accountant?
1:36:34 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	Do you hold any certifications specific to water, water treatment?
1:36:47 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	When did you obtain that?
1:36:53 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	Do you ever work outside the office, doing anything from an operational standpoint for a water and sewer district?
1:37:08 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	Well, I mean, do you act as a water treatment operator routinely?
1:37:14 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	But you continue to maintain that certification?
1:37:37 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	Describe any organizations or community service endeavors that you engage in currently.
1:38:08 PM	Atty Goss Knott District Note: Sacre, Candace	Thank you. Pass the witness, Mr. Chairman.
1:38:12 PM	Chairman Schmitt Note: Sacre, Candace	Ms. Coltrane, questions?
1:38:18 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	Cross Examination. How long have you been the CFO for Knott District?
1:38:21 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	I have some questions with regard to the Corps of Engineers' contract that's been touched on a little bit. The first reference that I have, if you could look at Knott's Application for an Alternative Rate Adjustment, Exhibit 5, I'm just going to have you confirm whether or not Knott District proposed to increase its contractual services by \$69,556.
1:38:54 PM	Atty Goss Knott District Note: Sacre, Candace	May I approach the witness, Mr. Chairman?
1:38:56 PM	Chairman Schmitt Note: Sacre, Candace	Yes, you may.
1:39:17 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	And then, under Operating Expenses, there is one that is listed as Contractual Services -
1:39:23 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	- with the adjustment proposed of \$69,556?
1:39:28 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	Is it true that this adjustment was proposed by Knott District in anticipation of an increased payment to the Corps of Engineers to withdraw an additional two million gallons of water from Carr Creek Lake?
1:39:41 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	Is that contract still pending before the Corps of Engineers?
1:40:08 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	For my next couple of questions, could you please refer to the December 4, 2019, Comments made by Knott District to the Staff Report?
1:40:22 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	And I'll go ahead and just ask, the main comment as far as you are aware, it had to do with that proposed adjustment in relation to the anticipated increase, is that correct?

1:40:49 PM	Atty Goss Knott District Note: Sacre, Candace	Sorry, Ms. Coltrane. you might want to restate that. I had a hard time finding that, and I'm not certain he heard your question.
1:40:57 PM	Staff Atty Coltrane PSC Note: Sacre, Candace	I'm sorry. I know I'm asking for a lot of referrals.
1:40:58 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	So Knott District, when it commented on Commission Staff's November 20, 2019, Report, their only comment with regard to that Staff Report was in relation to the adjustment as to the increased water withdrawal from Carr Creek Lake, is that correct?
1:41:21 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	They are asking for the Commission to -
1:41:27 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	At this time, has Knott District received the Corps of Engineers' approval?
1:41:39 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	In regard to paragraph 4 of the Comments, those same Comments, Knott District's Comments, and this has to do with the statement that "believes the approval of the new contract is imminent." Do you have any further information with regard to the contract from the Corps of Engineers?
1:42:31 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	When was the last time you spoke to Mr. Mefford?
1:42:40 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	So prior to December 4, 2019?
1:42:47 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	You had previously spoken to Mr. Mefford, is that correct?
1:42:52 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	Do you recall when that conversation took place?
1:43:09 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	If you wouldn't mind referring to that email, it is Knott District's Response to Letcher District's and Hindman's First Request for Information, Item 24
1:43:52 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	To confirm, Mr. Mefford is the Regional Economist for the Louisville District of the Corps of Engineers, is that correct?
1:44:01 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	As of March 30, 2018, in that email, he advises you that the Louisville District is working toward submitting a letter report and supplemental agreement to HQUSACE for review approval, is that correct?
1:44:23 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	Besides your conversation with Mr. Mefford recently in 2019 and this March 30, 2018, email, has anyone else corresponded with him about the pending approval?
1:44:43 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	Have you corresponded with the Headquarters of the U.S.A. Corps of Engineers in relationship to this?
1:44:53 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	And it's true that the current contract that Knott District has with the Corps of Engineers allows it to only withdraw two million gallons, is that correct?
1:45:16 PM	Chairman Schmitt - witness K. Smith Note: Sacre, Candace	Examination. And how much though?

1:45:20 PM	Chairman Schmitt - witness K. Smith Note: Sacre, Candace	At how much money though? The same rate?
1:45:29 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	Cross Examination (cont'd). Has Knott District, as far as you know, been assessed any penalties or fines by the Corps of Engineers for exceeding the withdrawal limit?
1:45:44 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	I apologize. Once more, refer back to paragraph 4 of Knott District's Comments, and you should see a statement that says, "The future payment is expected to be doubled from what it has been in the past. Unfortunately, the Corps of Engineers cannot provide a precise dollar number as to the increased rate because it is computed on operation and maintenance fees incurred by the Corps of Engineers which fluctuate(s) every year." Do you see that?
1:46:17 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	As to the statement that "future payment is expected to double," what is that statement based on?
1:46:36 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	At this time, I'm assuming that the Corps of Engineers has not given you a precise dollar amount as to what to anticipate?
1:47:12 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	I'm going to move on to - I have a couple of questions with regard to the health insurance credit that I believe Knott County's employees receive. If you could refer to Knott District's Response to Letcher District's and Hindman's First Request for Information, Item 13, under that first bullet point, Knott District makes the following statement, "If employees have proof of coverage, then they are given the option to receive an insurance credit equivalent to the cost of an employee-only plan," is that correct?
1:47:57 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	So, just to confirm, the value of the health insurance credit is equivalent to the annual premium for an employee-only plan?
1:48:12 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	What is the proof that is required to show coverage?
1:48:23 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	And, just to confirm, is the health insurance credit also available to commissioners?
1:48:31 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	If you keep looking at those Responses, now turn to Item 14, and looking at Item 14, do you agree that there are three employees shown to have received an insurance credit of \$8,193.60 in the year of 2018?
1:48:54 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	Can you give us more information about how that \$8,193.60 was calculated?
1:49:31 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	And how is that dispensed to employees? Is it cash? Is it a credit that goes into a health savings account?
1:49:54 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	Do you know off the top of your head what the weekly credit would be?
1:50:13 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	And does that credit happen automatically once they show the coverage, or how does that work?

1:50:42 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	You've already stated that the commissioners do not receive the health insurance credit, so with regard to the information that has recently been provided of commissioners' benefits, if a commissioner is shown to not be receiving health insurance, that is because of - as of, I guess, 2019-2020, if they are shown not to be receiving health insurance, is that because of the May 2019 resolution, or is that for some other reason?
1:51:35 PM	Staff Atty Coltrane PSC Note: Sacre, Candace	I have no further questions.
1:51:37 PM	Chairman Schmitt Note: Sacre, Candace	Commissioner Cicero?
1:51:39 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	Examination. How many years did you work at the lumber company?
1:51:45 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	And what was your title there?
1:51:50 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	From there you went to?
1:51:54 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	And you went from temporary accountant to the chief financial officer?
1:51:59 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	You do not have a CPA, is that correct?
1:52:04 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	Are your responsibilities inclusive of contract negotiation?
1:52:14 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	The water contract, the service provider contract such as the insurance premiums, those kinds of things.
1:52:31 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	So how often do you meet? How often have you met with the lawyer to discuss the water service contract?
1:52:32 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	Let's look at the water contract then. You're not negotiating it. Is the lawyer negotiating it?
1:52:53 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	I'm talking about the Army Corps of Engineers, then we'll get to the water service contracts.
1:53:08 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	But the last time you spoke to him was November of last year and, prior to that, except for - an email that went all the way back into '18?
1:53:18 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	That's not very active in pursuing it, wouldn't you say?
1:53:41 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	I'm just looking at the fact that it's something that you're looking to have finalized, negotiated and finalized, and it just seems like it's not the urgency that I thought it would have been.
1:54:10 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	I guess I was speaking from the perspective that when the Commission indicated it was not going to permit the higher cost of water to be included in the rate base, at that time, it would have become an urgent issue because it was disallowed since it wasn't known and measurable. If it became known and measurable, then it could be included in the base rate. It seems to be hanging out there, and it's just a comment.

1:54:40 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	Who does the wholesale negotiating for the contracts that Mr. Wuetcher and Mr. Jacobs were speaking to?
1:54:56 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	So how often does he provide an update on that?
1:55:15 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	Let's switch gears to insurance providers. Who contacts them for these four plans that are offered to employees?
1:55:39 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	Who determines what plans are offered?
1:56:10 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	And that's you that sends out the request for proposal and evaluates whatever?
1:56:27 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	So it's your evaluation, and the Kentucky group offering is for four plans?
1:56:34 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	And those are all offered by them?
1:56:40 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	How long has the amount been \$8139 for the credit?
1:57:10 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	Well, that's pretty good if you're not experiencing health care inflation. That's usually more than everything else in the economy.
1:57:25 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	But this is the credit that's calculated of the lowest plan offered at the employee-only rate?
1:57:36 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	You've been there for - you said, since 2015? Almost five years?
1:57:41 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	Have you ever recommended to the board that they implement a rate increase prior to the latest application?
1:58:32 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	So you realize you haven't been in for a rate increase since 2002, right?
1:58:38 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	And that you've been losing a the rate of almost a million dollars a year?
1:58:46 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	You mean, from a cash-flow basis?
1:58:51 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	Your annual depreciation is how much per year?
1:59:11 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	And your losses have been about a million?
1:59:14 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	So, basically, your depreciation is all going towards operation?
1:59:23 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	So, as the chief financial officer, isn't it your responsibility to say, "Board, you've got a situation here where you're using your depreciation to run operating and the maintenance. You haven't had a rate increase 2002. Why are you not trying for - "
2:00:46 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	Do you know how much is in the reserve? I think Mr. Smith indicated \$300,000. Is that about right?
2:01:12 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	It's whatever, but that's basically what your reserves are?

2:01:14 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	For whatever catastrophic or planned capital expenditure that you have?
2:01:20 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	And that's what it's used for, right? Catastrophic or capital? It's not-you don't -
2:01:31 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	Do you prepare the capital budget?
2:01:36 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	Who would?
2:02:28 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	How often do you meet with the board?
2:02:32 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	And you do a presentation?
2:02:51 PM	Vice Chairman Cicero Note: Sacre, Candace	I don't have any other questions.
2:02:53 PM	Chairman Schmitt Note: Sacre, Candace	Commissioner Mathews?
2:02:54 PM	Commissioner Mathews Note: Sacre, Candace	I don't have any questions.
2:02:55 PM	Chairman Schmitt Note: Sacre, Candace	I have no questions. Mr. Wuetcher?
2:02:57 PM	Atty Wuetcher Letcher District Note: Sacre, Candace	Thank you, Your Honor.
2:02:58 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Cross Examination. Good afternoon, Mr. Smith. I have just a few questions regarding the employee benefits, and primarily I'm just trying to figure out exactly what was expended on the health insurance.
2:03:15 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	So I'm going to refer to a couple of items, if you've got it up there One is the Response to Letcher's and Hindman's First Request for Information, Item 14, and then also Item 15 of the District's Response to Letcher-Hindman's Second Request for Information.
2:03:49 PM	Atty Wuetcher Letcher District Note: Sacre, Candace	Okay, and the second one, I think you all had submitted a revised copy after the Commission's Order came out.
2:03:53 PM	Atty Goss Knott District Note: Sacre, Candace	Show me what you're talking about. (Click on link for further discussion.)
2:05:32 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Letcher County has been trying to duplicate the Commission Staff's calculations of what was expended during the test period, and you provided the basic information for it, so I just want to kind of walk you through, and if I think there may be some little bits in there that we don't understand, I want to get better clarification from you.
2:05:54 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	So, if you look at Item 14 of the First Request for Information, is this a list of the benefits provided to each employee for the Water District and the cost?
2:06:15 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Is this list annualized, or is it the actual cost incurred for each employee?

2:06:27 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	If I wanted to go and find out how much was expended total for just the employees, excluding the commissioners, for health insurance, I would just have to go ahead and sum up the column that's labeled "Health Insurance?"
2:06:41 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Now, these are all the employees of the Knott County Water District, is that correct?
2:06:59 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	The reason I'm asking is, when I ask, say, "all employees," that would include the employee you have in your sewer division, is that correct?
2:07:12 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Okay, well, let me - Michael Jacobs, is he your waste water treatment plant operator?
2:07:24 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	So, in terms of determining the health insurance expense for the water division, any expenses related to him would be excluded, is that correct?
2:07:35 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	And the next question I have on this because there is a reference to Gavin Slone, and it's down - if you have the redacted copy, it's about two from the bottom, the third one. Now, his amount for health insurance, is that based on less than a year?
2:07:58 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Yes, sir, the third one from the bottom, and just to make sure we're on the same sheet, it says 7293.40 on mine.
2:08:16 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Would it be possible for you to check and see? I'm dividing what the - I'm coming up out with ten or eleven months. My notes here are a little unclear, but it appeared to be less than a full year based on what you had on Item 15.
2:08:55 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	If he were a part-time employee, he wouldn't be receiving - let's say the first month of the year he was a part-time employee, he wouldn't have been eligible for health insurance?
2:09:08 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Now, I'm going to refer you now to Item 15 to the Second Request for Information, and this lists the total premium that the District pays for each employee, is that correct?
2:09:34 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	And then you've got two additional columns. The column in the center is "Employer Contribution," so that's the amount that the District actually pays?
2:09:43 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	And then the "Employee Contribution" follows that in the third column, the one far to the right?
2:09:50 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	And I take it the employee contribution is deducted from the employee's paycheck, is that correct?
2:09:58 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Now, is it correct then that, excluding those employees that are on the - that have the waiver, if there's no item listed on the employee contribution, that means the District is paying the total cost of their health insurance?

2:10:29 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Just so I understand Knott County's policy, Knott County will not require an employee who is receiving single-employee coverage to pay any contribution toward his or her health insurance coverage?
2:10:46 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	If the employee has a nonsingle policy, then Knott County will not require that employee to pay more than 20 percent of the total cost of the premium?
2:11:23 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	The Kentucky Employees' Health Plan specifies what the employer contribution should be and what the employee contribution should be; they make a recommendation?
2:11:37 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	It doesn't appear that you're bound to accept that recommendation in terms of the employee contribution; you can basically say, "We'll cover it all?"
2:11:57 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	So the District is legally obligated to comply with their minimum?
2:12:07 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	And in those cases where employee's contribution, under the KEHP plan, would exceed 20 percent of the premium, the District covers the rest of that, is that correct?
2:12:44 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Is it correct that the Kentucky Employees' Health Program adjusts the employee's contribution rate based on whether the employee is a smoker or non-smoker?
2:12:59 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Now, does the District make a similar calculation in terms of when it's looking at how much should be paid for those employees calculating at 20 percent?
2:13:32 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	In terms of the contributions, you've already factored in that then in your Response to Item 15? If we're looking at this and trying to determine what the employee's premium or contribution rate should be, you've already factored all that in? You're taking it directly from what you would have to pay to the Kentucky Employees' Health Program?
2:14:11 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	You've read the Commission Staff Report, have you not?
2:14:17 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	And you would agree that, in the report, Commission Staff recommended that there be a disallowance to at least a portion of the expenses related to employee health insurance and other policies, and, in terms of the health insurance, Staff recommended that the KEHP minimum rates be used to determine the disallowance? Would you agree with that?
2:14:51 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	In the Staff Report, they list all the contribution rates, but they don't list one for one of your employees. Would you agree that the recommended employee contribution rate for 2018 for an employee that's receiving the standard CDHP family policy be 19.32 percent?

2:15:31 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	And not to take up any time, could you look at that? I'm assuming what you did was you would take the employee contribution on the table from the insurance booklet and simply go ahead and divide that into the total premium cost, and that would be the contribution rate? You would agree with that? That's how you calculated it?
2:15:59 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	And if you could, subject to check, if you could go ahead and check that and confirm that, the 19.32 percent is the amount that you would use for an employee that is standard CDHP?
2:16:26 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Let's do this, if you have the opportunity before the hearing is over with, then you can check, and, if not, if counsel could just notify the Commission, that would work.
2:16:39 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Now, are you aware that the Commission, in prior proceedings, has ruled that a utility company's reasonable expense for an employee's health insurance coverage should be based on the national average employer contribution rate as reported by the Bureau of Labor Statistics?
2:16:57 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	And are you aware that that rate is currently 71 percent for single-employee coverage and 66 percent for family health insurance coverage?
2:17:10 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	And would you agree that Knott District's employer contribution rate is much higher than the Bureau of Labor Statistics' national average?
2:17:32 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	And would you agree that the Kentucky Employees' Health Plan employer contribution rates are also less than the Bureau of Labor Statistics' national average of the required employer contribution?
2:17:56 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Let's talk a little bit about the waiver credit. Those that don't participate in the insurance plan receive a waiver credit, is that correct?
2:18:15 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Do you know when that waiver credit policy was adopted?
2:18:29 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Do you know if that policy has ever been reexamined or reviewed?
2:18:42 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Do you conduct any type of annual review of your wages and your employee benefits to determine how they fit in with the rest of the employers in your all's county and region?
2:19:00 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Have you done any type of comparison as related to other water districts or water systems in the state?
2:19:18 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Now, Kentucky Rural Water Association, for example, publishes a survey annually or every two years. Have you ever seen that?
2:19:28 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Have you done any type of comparison between the benefits that are provided by other systems and yours based on that survey?
2:19:59 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Are you aware of any other systems that have that type of waiver credit for their employees?

2:20:12 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	In reviewing those benefits, has there ever been any discussion regarding whether to limit how those monies could be spent? And let me elaborate on that. For example, I believe, at least when I was a state government employee, an employee could waive the coverage and receive the contribution by the employer, but it would be placed into some type of health spending plan. Did you all ever consider that?
2:20:48 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Would you agree that if there was such a plan that might be more beneficial to the utility in the sense that if those monies are not expended at the end of the year those funds go back to the employer?
2:22:14 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	A couple of questions about the insurance. How often does the District review its health insurance plan to determine whether it should switch vendors?
2:22:34 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	And when was that?
2:22:56 PM	Atty Wuetcher Letcher District Note: Sacre, Candace	I think that's all I have. Thank you.
2:22:58 PM	Chairman Schmitt Note: Sacre, Candace	Mr. McNeil?
2:23:03 PM	Asst Atty Gen McNeil - witness K. Smith Note: Sacre, Candace	Cross Examination. What is the term on the KEHP contract? Do you know?
2:23:18 PM	Asst Atty Gen McNeil - witness K. Smith Note: Sacre, Candace	You might just renew it every year if you don't -
2:23:24 PM	Asst Atty Gen McNeil Note: Sacre, Candace	No further questions.
2:23:26 PM	Chairman Schmitt Note: Sacre, Candace	Anything else before Mr. Goss has a chance to interrogate his witness?
2:23:32 PM	Staff Atty Coltrane PSC Note: Sacre, Candace	I just have one more.
2:23:33 PM	Staff Atty Coltrane PSC - witness K. Smith Note: Sacre, Candace	Recross Examination. I just want to confirm that the contributions, both employee and employer, you base that off the contract with KEHP, is that correct, the amounts?
2:24:00 PM	Staff Atty Coltrane PSC Note: Sacre, Candace	No further questions, Your Honor.
2:24:02 PM	Chairman Schmitt Note: Sacre, Candace	Mr. Goss?
2:24:03 PM	Vice Chairman Cicero Note: Sacre, Candace	I do have.
2:24:05 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	Examination. So it's an employee-only plan plus 20 percent?
2:24:25 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	But it's a hundred percent payment of the employee-only coverage?
2:24:32 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	And you've never considered asking employees to contribute to that plan?
2:25:04 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	On those, it's \$50?

2:25:13 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	It's \$8139 per year divided by 12, right, is about -
2:25:31 PM	Vice Chairman Cicero - witness K. Smith Note: Sacre, Candace	That's a totally different thing. You're just basing it on a recommendation, not what the actual plan cost is?
2:25:54 PM	Vice Chairman Cicero Note: Sacre, Candace	I don't have any other questions.
2:25:56 PM	Chairman Schmitt Note: Sacre, Candace	Anyone else, any questions? Mr. Goss?
2:26:02 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	Redirect Examination. When you said a minute ago that Knott District was contractually bound - I tried to write this down - "contractually bound to a particular contribution percentage different than the Bureau of Labor Statistics chart which this Commission has adopted." Is that what we're talking about here?
2:26:26 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	That mandates 20 percent, a 20 percent contribution -
2:26:31 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	No, no. No greater than a 20 percent contribution?
2:26:58 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	What are you contractually bound to then that's different from the Bureau of Labor Statistics chart? I guess maybe I'm confused.
2:27:32 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	Do you recognize what the Staff Report says about employee pensions and benefits and commissioners' benefits, and, for all intents and purposes, those have been disallowed, correct?
2:27:43 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	And Knott County Water and Sewer District doesn't take issue with that?
2:27:50 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	There's been a lot of talk here about the District losing over a million dollars a year during the test year and so on. If I'm a ratepayer of the Knott County Water and Sewer District and I were to see that on a front page of the newspaper, that would cause me a lot of concern.
2:28:12 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	Can you explain what the true meaning is of that statement and whether or not there's any mitigation?
2:28:42 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	And a good part of that is due to the fact that the District has not been in for rates for a long time?
2:28:51 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	If you had your druthers, going forward, what would you rather see concerning how often the District comes in, assuming we get this case behind us, the Commission adopts the Staff Report or something close to it, what would you expect or what would you hope the District would do on a going-forward basis with regard to coming back for periodic rate adjustments?
2:29:55 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	You won't wait 17 years, will you?
2:30:02 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	All right, and, of course, that's an extreme length of time.
2:30:13 PM	Atty Goss Knott District - witness K. Smith Note: Sacre, Candace	Is the District cost conscious, in your opinion?

2:31:13 PM	Atty Goss Knott District Note: Sacre, Candace	That's all I have, Mr. Chairman.
2:31:17 PM	Chairman Schmitt - witness K. Smith Note: Sacre, Candace	Examination. There's one thing that you do know, and that is that the primary economic driver for Knott County for a number of years has been the coal industry, correct?
2:31:29 PM	Chairman Schmitt - witness K. Smith Note: Sacre, Candace	And the coal industry is, if not totally collapsed, on the verge of collapse. Would you agree with that?
2:31:37 PM	Chairman Schmitt - witness K. Smith Note: Sacre, Candace	And, from the statistics that we've seen, most Eastern Kentucky counties, maybe all Eastern Kentucky counties, are experiencing a significant out migration. People are moving away. Has that been the case, as far as you know, in Knott County?
2:32:13 PM	Chairman Schmitt - witness K. Smith Note: Sacre, Candace	And another thing that we've seen across the board throughout the state, and I think this is probably true nationally, is that water usage per customer tends to decline as toilets are more efficient, washing machines, and other things. People generally use less water now because of instrument efficiencies which compounds the problem. Expenses continue to go up, but the number of people over which those expenses have to be paid either remains the same or goes down, correct?
2:32:50 PM	Chairman Schmitt - witness K. Smith Note: Sacre, Candace	Which is the argument, I think, for water district consolidation
2:34:42 PM	Chairman Schmitt - witness K. Smith Note: Sacre, Candace	At least, for a review; not necessarily for an increase but to see what your status was and whether an increase in rates might be called for or basically other things that might help.
2:34:56 PM	Chairman Schmitt - witness K. Smith Note: Sacre, Candace	And one of the reasons I say that it seemed to me to make sense and it would relieve perhaps some of the political pressure, but in one of the hearings we had, I guess Mr. Wuetcher, Mr. Goss, and Mr. McNeil were all part of these hearings, and one of the water districts about which we held hearings was Hyden-Leslie, and Mr. Turner is over there now, and in the course of testimony with Hyden-Leslie, I think Mr. Turner said that when he was in Knott County, that, internally, management began to do some kind of review to see if rates needed to be adjusted but that at least on one occasion that that process was stopped due to an outside force. Nobody followed up to ask what that was, but I think we can all pretty well guess it was some sort of probably political pressure.
2:36:00 PM	Chairman Schmitt - witness K. Smith Note: Sacre, Candace	But I don't know. I was just wondering if you would have any objection, not that we're going to require you to do it, but if it makes sense to you, to have some kind of review involving Water District staff and Public Service Commission personnel to just go over the records periodically to see if anything was necessary and a recommendation made or -
2:36:25 PM	Chairman Schmitt Note: Sacre, Candace	No further questions. Anything else?
2:36:27 PM	Atty Wuetcher Letcher District Note: Sacre, Candace	I have just a couple more.

2:36:29 PM	Atty Wuetcher Letcher District - witness K. Smith Note: Sacre, Candace	Recross Examination. Just going back a second, you stated that the District is contractually obligated by its contract with KEHP to go ahead - there's a floor on which they can require employee contributions. Is that the only health insurance provider that the District has access to, or are there others in the area or in the state?
2:37:13 PM	Atty Wuetcher Letcher County Note: Sacre, Candace	Thank you.
2:37:18 PM	Chairman Schmitt Note: Sacre, Candace	Anything further?
2:37:19 PM	Staff Atty Coltrane PSC Note: Sacre, Candace	No, Your Honor.
2:37:20 PM	Chairman Schmitt Note: Sacre, Candace	Mr. Goss? May this witness be excused?
2:37:22 PM	Staff Atty Coltrane PSC Note: Sacre, Candace	Yes, Your Honor.
2:37:23 PM	Chairman Schmitt Note: Sacre, Candace	Thank you. You may step down, and you're excused.
2:37:25 PM	Chairman Schmitt Note: Sacre, Candace	Now, there's one more witness, Ms. Coltrane. Would you like to call that witness?
2:37:30 PM	Staff Atty Coltrane PSC Note: Sacre, Candace	Mr. Jared Salmons.
2:37:48 PM	Chairman Schmitt Note: Sacre, Candace	Witness is sworn.
2:37:56 PM	Chairman Schmitt Note: Sacre, Candace	You may be seated. Mr. Goss?
2:37:58 PM	Atty Goss Knott District Note: Sacre, Candace	Thank you, Mr. Chairman.
2:38:00 PM	Atty Goss Knott District - witness Salmons Note: Sacre, Candace	Direct Examination. Mr. Salmons, would you state your full given name for the record, your age, your address, and your occupation?
2:38:16 PM	Atty Goss Knott District - witness Salmons Note: Sacre, Candace	And what's your occupation?
2:38:21 PM	Atty Goss Knott District - witness Salmons Note: Sacre, Candace	How long have you been the general manager there?
2:38:26 PM	Atty Goss Knott District - witness Salmons Note: Sacre, Candace	If you would, give the Commission some idea of your education and your work experience, please, sir.
2:38:57 PM	Atty Goss Knott District - witness Salmons Note: Sacre, Candace	Do you have an associate's degree, or do you have any degrees, or just hours?
2:39:00 PM	Atty Goss Knott District - witness Salmons Note: Sacre, Candace	How many hours do you have? Do you know?
2:39:06 PM	Atty Goss Knott District - witness Salmons Note: Sacre, Candace	In what did you say?
2:39:25 PM	Atty Goss Knott District - witness Salmons Note: Sacre, Candace	What kind of design?
2:39:41 PM	Atty Goss Knott District - witness Salmons Note: Sacre, Candace	What was A&T? What kind of business was that?
2:39:47 PM	Atty Goss Knott District - witness Salmons Note: Sacre, Candace	For use underground?
2:39:51 PM	Att Goss Knott District - witness Salmons Note: Sacre, Candace	Oh, I see. Like, for prep plants and stuff like that?

2:39:55 PM	Atty Goss Knott District - witness Salmons	
	Note: Sacre, Candace	Did you - you had the background to do that, or did you -
2:40:11 PM	Atty Goss Knott District - witness Salmons	
	Note: Sacre, Candace	Well, let's go back just a second. When you would figure - I mean, that's a pretty significant job, when you would figure load tolerances and that sort of thing for structures. Did you have somebody that maybe was an engineer, a mechanical engineer or some other type of engineer, that would check your work and sign off on it?
2:40:31 PM	Atty Goss Knott District - witness Salmons	
	Note: Sacre, Candace	Okay. I just wanted to make sure, and what did you do after A&T?
2:40:48 PM	Atty Goss Knott District - witness Salmons	
	Note: Sacre, Candace	And what did - R&M, did you say?
2:40:51 PM	Atty Goss Knott District - witness Salmons	
	Note: Sacre, Candace	R. M. Johson, and what kind of engineering consulting firm are they?
2:41:18 PM	Atty Goss Knott District - witness Salmons	
	Note: Sacre, Candace	And you sort do the same thing for them - you did work and it was checked by and engineer?
2:41:41 PM	Atty Goss Knott District - witness Salmons	
	Note: Sacre, Candace	Then what did you do after the R. M. job?
2:42:00 PM	Atty Goss Knott District - witness Salmons	
	Note: Sacre, Candace	How many years of experience do you have in the water and sewer business totally?
2:42:19 PM	Atty Goss Knott District - witness Salmons	
	Note: Sacre, Candace	Do you hold any special licenses or certifications pertaining to water and sewer service?
2:42:31 PM	Atty Goss Knott District - witness Salmons	
	Note: Sacre, Candace	Are you a member of any sort of other boards or foundations or societies or organizations that the Commission needs to know about?
2:42:45 PM	Atty Goss Knott District - witness Salmons	
	Note: Sacre, Candace	As general manager for the Knott County Water and Sewer District, what are your principle duties?
2:43:11 PM	Atty Goss Knott District	
	Note: Sacre, Candace	That's all I have, Mr. Chairman.
2:43:13 PM	Chairman Schmitt	
	Note: Sacre, Candace	Ms. Coltrane?
2:43:15 PM	Staff Atty Coltrane PSC - witness Salmons	
	Note: Sacre, Candace	Cross Examination. I just have a few questions with regard to the Corps of Engineers' pending contract. Have you corresponded with anybody at the Corps of Engineers with regard to that pending contract?
2:44:07 PM	Staff Atty Coltrane PSC - witness Salmons	
	Note: Sacre, Candace	When was the last time you spoke with Mr. Mefford?
2:44:17 PM	Staff Atty Coltrane PSC - witness Salmons	
	Note: Sacre, Candace	Any other individuals that you referenced having spoken to, can you repeat their names? I'm sorry.
2:44:47 PM	Staff Atty Coltrane PSC - witness Salmons	
	Note: Sacre, Candace	Do you recall when those communications were?
2:44:59 PM	Staff Atty Coltrane PSC - witness Salmons	
	Note: Sacre, Candace	And you have not spoken with anyone (inaudible) the District or U. S. with regard to the pending contract at this point?
2:45:11 PM	Staff Atty Coltrane PSC	
	Note: Sacre, Candace	I have no further questions.

2:45:12 PM	Chairman Schmitt	
	Note: Sacre, Candace	Commissioner Cicero?
2:45:15 PM	Vice Chairman Cicero - witness Salmons	
	Note: Sacre, Candace	Examination. So I'm curious. Do you have P&L responsibility for the Water District?
2:45:20 PM	Vice Chairman Cicero - witness Salmons	
	Note: Sacre, Candace	Profit and loss responsibility?
2:45:25 PM	Vice Chairman Cicero - witness Salmons	
	Note: Sacre, Candace	Have you ever questioned any of the practices of the water utility in terms of health insurance premiums or budgets or anything along those lines?
2:45:46 PM	Vice Chairman Cicero - witness Salmons	
	Note: Sacre, Candace	Anything that results in a review or a different operating practice as a result of those conversations?
2:46:01 PM	Vice Chairman Cicero - witness Salmons	
	Note: Sacre, Candace	Pick a subject.
2:47:19 PM	Vice Chairman Cicero - witness Salmons	
	Note: Sacre, Candace	Do you have standard procedures in place?
2:47:33 PM	Vice Chairman Cicero - witness Salmons	
	Note: Sacre, Candace	Purchasing rules?
2:47:57 PM	Vice Chairman Cicero - witness Salmons	
	Note: Sacre, Candace	Did you have profit and loss responsibility in any of your prior engineering, civil engineering?
2:48:21 PM	Vice Chairman Cicero - witness Salmons	
	Note: Sacre, Candace	So you know how to read financial statements?
2:48:29 PM	Vice Chairman Cicero - witness Salmons	
	Note: Sacre, Candace	That's all right. They're just general questions.
2:48:31 PM	Vice Chairman Cicero	
	Note: Sacre, Candace	I don't have anything else.
2:48:33 PM	Chairman Schmitt	
	Note: Sacre, Candace	Commissioner Mathews?
2:48:34 PM	Commissioner Mathews	
	Note: Sacre, Candace	I don't have anything.
2:48:36 PM	Chairman Schmitt - witness Salmons	
	Note: Sacre, Candace	Examination. I'm probably less familiar than I ought to be with this issue about withdrawing up to 4,000,000 gallons per day from Carr Fork Lake. I mean, is there a present demand for this additional water? You're withdrawing - you're getting up to 2,000,000 gallons now, correct?
2:50:56 PM	Chairman Schmitt - witness Salmons	
	Note: Sacre, Candace	So the cost that the Corps of Engineers will charge, is it based upon a volume that you pump, or is it a straight fee?
2:51:16 PM	Chairman Schmitt - witness Salmons	
	Note: Sacre, Candace	So that would be a standard cost then going forward once it's implemented?
2:51:30 PM	Chairman Schmitt - witness Salmons	
	Note: Sacre, Candace	Right now, if you draw more than 2,000,000, it's based on the amount that you're paying this year?
2:51:44 PM	Chairman Schmitt - witness Salmons	
	Note: Sacre, Candace	But it's been several years, and you anticipate that the agreement will be executed or approved at some point, but imminent may be - it's been four years now or several years, correct?
2:52:07 PM	Chairman Schmitt - witness Salmons	
	Note: Sacre, Candace	Just when it begins? It's just when all of these discussions come to fruition, and a new rate is established. Is that what you're saying?

2:52:24 PM	Chairman Schmitt - witness Salmons Note: Sacre, Candace	If the Commission approved your application as it presently stands, then basically ratepayers would be charged now for amounts or expenses that you might not incur for a year or two years, is that correct?
2:52:46 PM	Chairman Schmitt Note: Sacre, Candace	I don't have any further questions.
2:52:48 PM	Atty Goss Knott County Note: Sacre, Candace	Mr. Chairman, we're happy for the Public Service Commission to issue an order to the United States Army Corps of Engineers to sign the contract.
2:52:55 PM	Chairman Schmitt Note: Sacre, Candace	We'd be happy to do that, but Mr. Wuetcher would have us enforce it or something.
2:53:03 PM	Atty Goss Knott District Note: Sacre, Candace	I don't have any questions, Mr. Chairman.
2:53:05 PM	Chairman Schmitt Note: Sacre, Candace	May this witness be excused, or is there anything else?
2:53:08 PM	Staff Atty Coltrane PSC Note: Sacre, Candace	No further questions, Your Honor.
2:53:09 PM	Chairman Schmitt Note: Sacre, Candace	You may step down. Thank you very much for your testimony.
2:53:18 PM	Chairman Schmitt Note: Sacre, Candace	Okay, is there anything else?
2:53:20 PM	Atty Goss Knott District Note: Sacre, Candace	No, sir, that's all we have.
2:53:23 PM	Chairman Schmitt Note: Sacre, Candace	I 'm not sure anybody would want to file anything, but, since the time period is up in something like eight or nine days, there's not much we can do except do something based on the testimony that we have.
2:53:37 PM	Chairman Schmitt Note: Sacre, Candace	Mr. Wuetcher, do you have anything further to say or any comments?
2:53:41 PM	Atty Wuetcher Letcher District Note: Sacre, Candace	Your Honor, we had some concerns about the health insurance disallowance since it seems to be inconsistent with the practice that the Commission has engaged in in a number of other cases. In fact, a Staff Report was issued just, I think, earlier this month applying the percentages based on the Bureau of Labor Statistics, And, since Letcher County at least had those percentages applied to it when it applied last year, it did want to express the concern that the Commission should treat all water districts, all utilities the same in the application of that rule, but that was our primary concern.
2:54:35 PM	Chairman Schmitt Note: Sacre, Candace	Mr. McNeil, anything?
2:54:37 PM	Asst Atty Gen McNeil Note: Sacre, Candace	We would just let our comments stand, Chairman. Nothing further.
2:54:40 PM	Chairman Schmitt Note: Sacre, Candace	All right. Last chance.

2:54:41 PM	Atty Goss Knott District Note: Sacre, Candace	I guess I'd like to inquire then with what Mr. Wuetcher just said, Mr. Chairman, if that is different from what Letcher County Water and Sewer District has provided in its written Comments to the Commission. If what he just said, and I'm not sure I quite understood it, if that deviates from the written Comments that are of record.
2:55:04 PM	Atty Wuetcher Letcher District Note: Sacre, Candace	If I may, in our Comments, Letcher County had difficulty ascertaining how the Commission Staff had some up with it's calculations, and so based on what has been submitted since the Staff Report being issued and what we got today, it appears that the primary difference in the calculations, we're calculating a much larger disallowance but that is because it appears that the Commission Staff is considering the contract that the District has with the KEHP as limiting the disallowance that the Commission can make, and our position quite simply is that contract doesn't govern the Commission's ability to make a disallowance. The District can still go ahead and pay that amount or do whatever, but the Commission would be making the decision based upon the reasonableness of the amount that it was requiring its employees to contribute.
2:56:04 PM	Atty Wuetcher Letcher District Note: Sacre, Candace	In one sense, it's not changing anything. I think it was, at least, suggested in those Comments that we believe the Commission's current policy should be applied to all utilities. We just couldn't tell, and that's why we were asking for a little bit greater explanation from Staff.
2:56:19 PM	Atty Goss Knott District Note: Sacre, Candace	And that's fine, but I guess I'm hearing that Letcher's position is that they think the disallowance should be greater than what's contained in their stated Comment, their stated written Comments, and if that's the case, what I would propose, Mr. Chairman, and I don't want to belabor this, but if there are comments that Letcher has, I mean, I'm frankly not prepared to stand here and verbally respond to a new set of comments, and if Letcher County has other comments that have arisen as a result of its examination of the witnesses today, I'd like an opportunity to see those in writing and an opportunity to reply to them.
2:57:03 PM	Vice Chairman Cicero Note: Sacre, Candace	If I could make one comment, in regards to how it's applied equally, the Commission has taken the perspective that, if a water district or any utility comes in with 100 percent of employee health care paid for by the employing entity, that it will be adjusted according to the Bureau of Labor Statistics, whatever those percentages are.
2:57:25 PM	Vice Chairman Cicero Note: Sacre, Candace	However, if the utility is having their employees participate in some way, shape, or form to a minimum of 12 percent, the Commission has taken the approach that they have not adjusted those.

2:57:41 PM	Vice Chairman Cicero Note: Sacre, Candace	I think there was a little confusion today based on the fact that the Knott County Water District is using the state health care recommended amounts when it talks about how much is being asked for from the employee. I thought it was 20 percent. After this hearing, I'm still not sure it's 20 percent, but we've got the testimony, and we can go through that. If it's anything less than 12 percent, then I'd say the Commission would adjust it further. But I think the Commission has adjusted at least to the point of 12 percent.
2:58:17 PM	Atty Wuetcher Letcher District Note: Sacre, Candace	Your Honor, again, Letcher's position is that it should be applied equally to all utilities.
2:58:26 PM	Vice Chairman Cicero Note: Sacre, Candace	I think that the Commission has put out a notice on how it was going to approach this just for the utilities to have an opportunity to see how the Commission was applying the policy, and it is out there. I don't know if it's posted on the web site or not or whether it's been communicated in some other format. But I know that we've tried to make the utilities aware of the 12 percent minimum factor, and anything that's a hundred percent would be approached from a much greater participation standpoint.
2:59:03 PM	Atty Wuetcher Letcher District Note: Sacre, Candace	I would just simply suggest Letcher wanted to see what the Commission does based on the numbers it has.
2:59:11 PM	Atty Goss Knott District Note: Sacre, Candace	I think we're fine then, Mr. Chairman.
2:59:14 PM	Chairman Schmitt Note: Sacre, Candace	If there's nothing else, then this hearing is hereby adjourned.
2:59:36 PM	Session Paused	
2:59:47 PM	Session Ended	

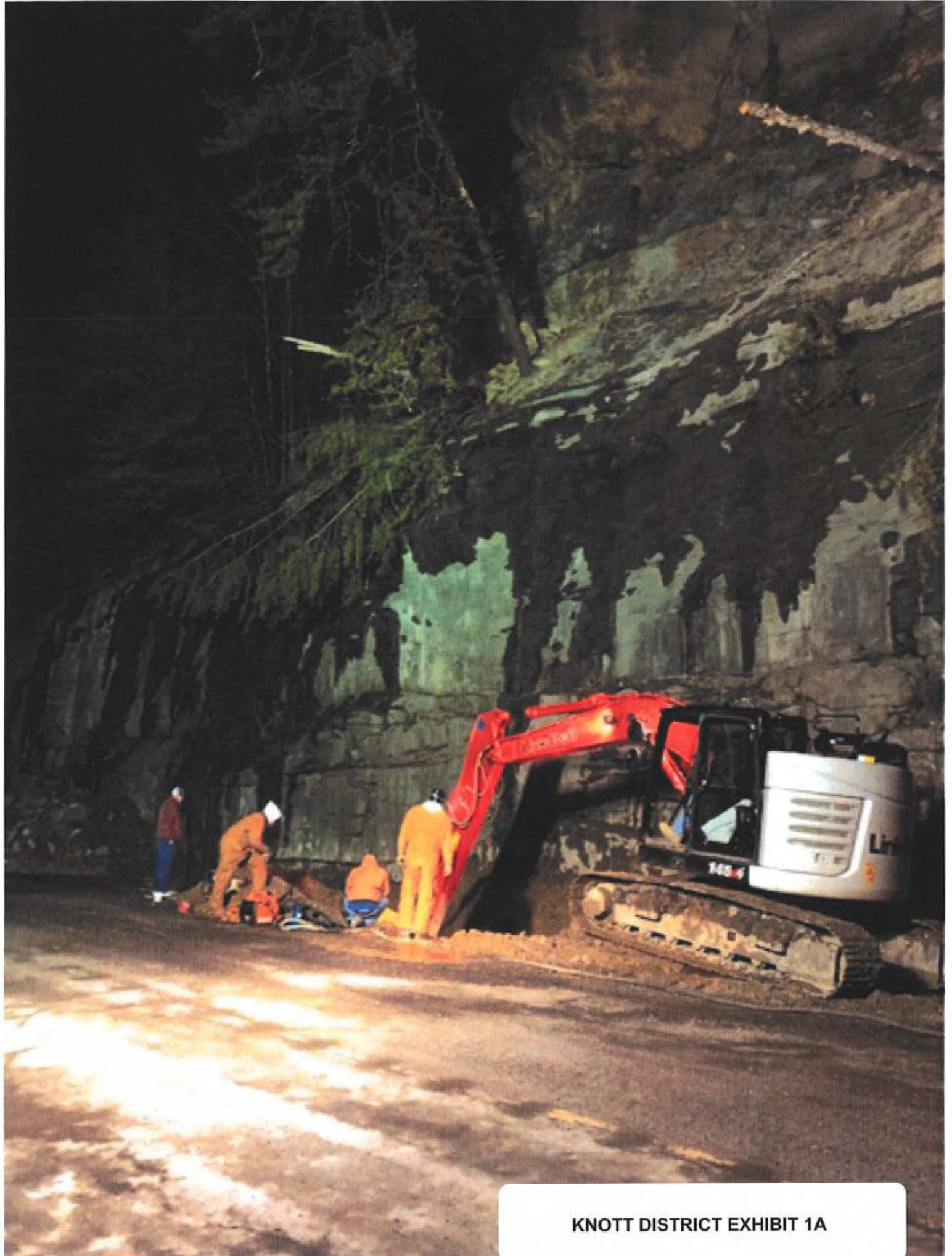


Exhibit List Report

2019-00268 22Jan2020

**Knott County Water and Sewer
District (Knott District)**

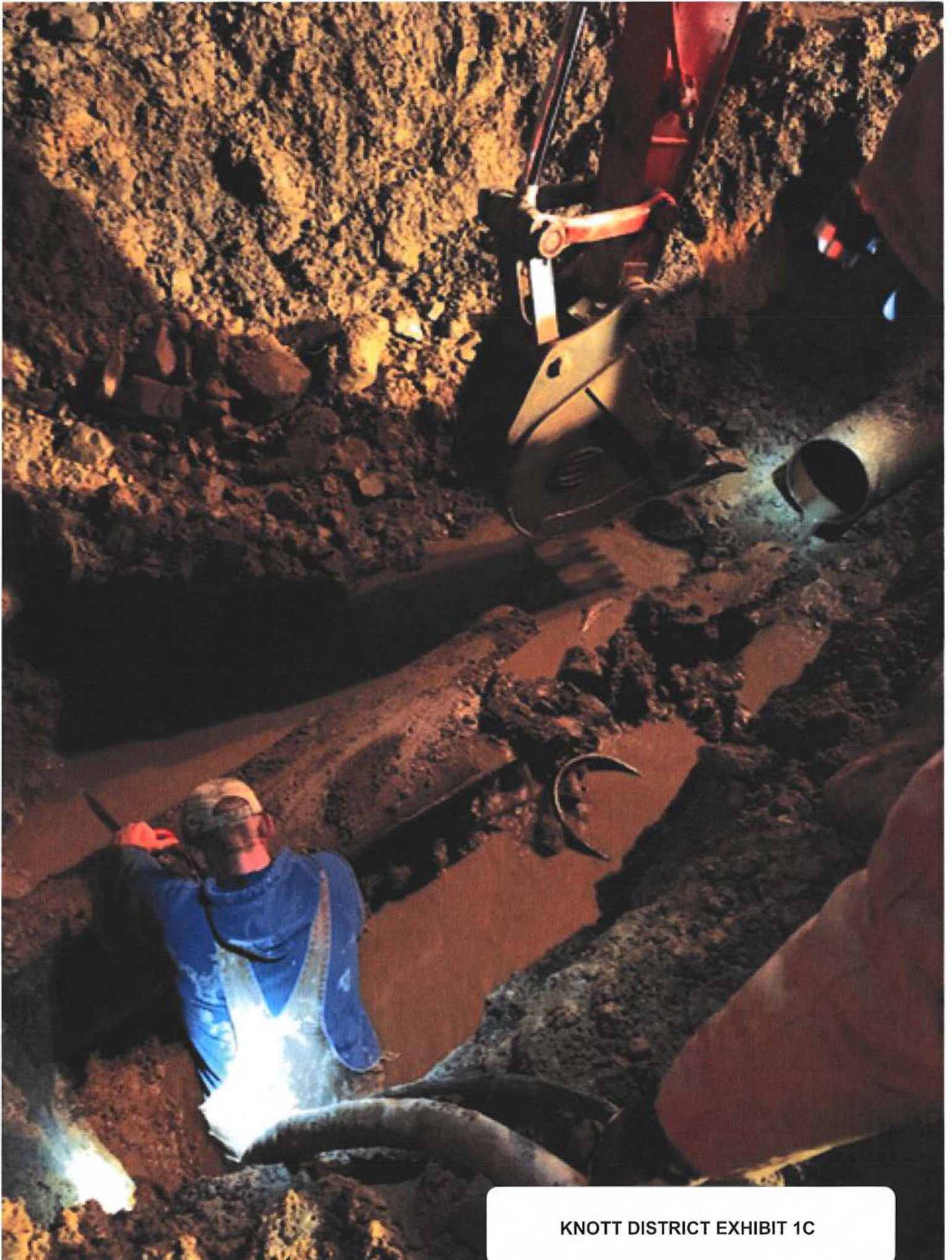
Name:	Description:
KNOTT DISTRICT EXHIBITS 1A 01/16/2020 LINE BREAK PHOTOGRAPHS - 1D	
PSC EXHIBIT 1	BOARD MEETINGS LISTING/HOURLY EARNINGS CALCULATIONS



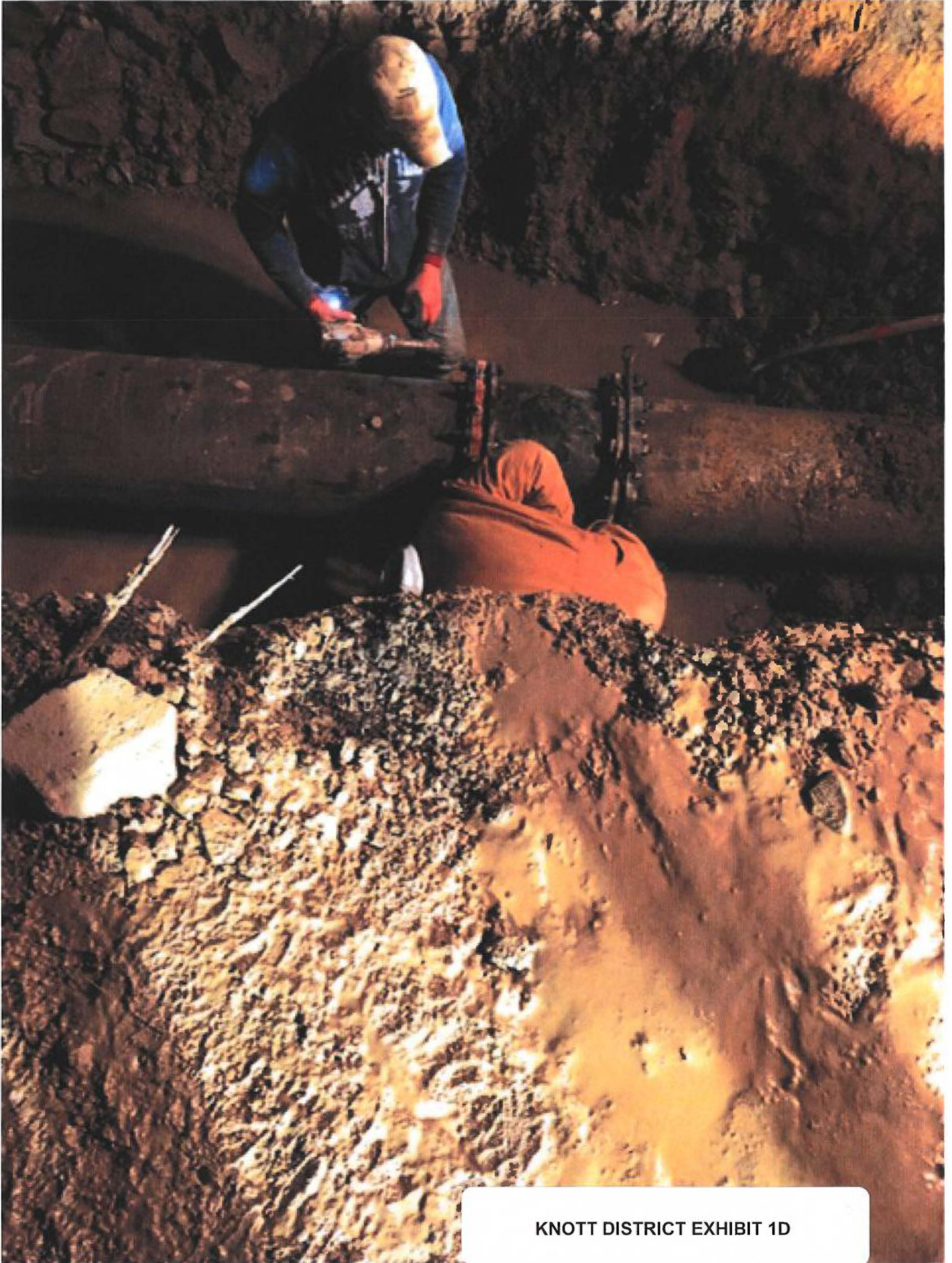
KNOTT DISTRICT EXHIBIT 1A



KNOTT DISTRICT EXHIBIT 1B



KNOTT DISTRICT EXHIBIT 1C



KNOTT DISTRICT EXHIBIT 1D

Ex 1

Meeting Date	Started	Adjourned	Duration	Members Absent
1/21/2015	6:03 PM	no time noted		0
2/18/2015	6:12 PM	8:15 PM	2 h 3 m	0
3/18/2015	6:01 PM	8:15 PM	2 h 14 m	0
4/15/2015	6:00 PM	7:03 PM	1 h 3 m	0
5/20/2015	6:09 PM	7:55 PM	1 h 46 m	0
6/11/2015	6:03 PM	7:54 PM	1 h 51 m	0
7/15/2015	6:10 PM	7:16 PM	1 h 6 m	0
8/12/2015	6:05 PM	9:28 PM	3 h 23 m	Larry King
9/16/2015	6:00 PM	9:28 PM	3 h 28 m	0
10/21/2015	6:06 PM	8:58 PM	2 h 52 m	0
SPECIAL 10/28/15	6:02 PM	8:36 PM	2 h 34 m	0
11/18/2015	6:04 PM	7:20 PM	1 h 16 m	0
12/16/2015	6:02 PM	8:30 PM	2 h 28 m	0
1/20/2016	6:00 PM	6:48 PM	0 h 48 m	0
2/17/2016	6:10 PM	7:54 PM	1 h 44 m	0
3/13/2016	6:07 PM	7:17 PM	1 h 10 m	0
4/20/2016	6:02 PM	7:37 PM	1 h 35 m	0
5/18/2016	6:08 PM	7:53 PM	1 h 45 m	Jerry Slone
6/22/2016	6:00 PM	8:00 PM	2 h 0 m	Terry D. Jacobs
7/20/2016	6:00 PM	7:47 PM	1 h 47 m	0
SPECIAL 8/4/16	5:02 PM	6:04 PM	1 h 2 m	0
8/17/2016	5:07 PM	6:47 PM	1 h 40 m	0
SPECIAL 8/29/16	1:00 PM	1:04 PM	0 h 4 m	Mr. Hamilton
9/21/2016	5:00 PM	6:55 PM	1 h 55 m	0
10/19/2016	5:00 PM	7:09 PM	2 h 9 m	Terry D. Jacobs
11/16/2016	5:00 PM	7:07 PM	2 h 7 m	0
12/14/2016	5:00 PM	6:37 PM	1 h 37 m	Mr. King
1/18/2017	5:01 PM	6:03 PM	1 h 2 m	Mr. King
SPECIAL 2/15/17	5:01 PM	6:06 PM	1 h 5 m	
SPECIAL 2/25/17	4:30 PM	6:01 PM	1 h 31 m	Jacobs via teleconference
3/15/2017	5:01 PM	7:20 PM	2 h 19 m	
4/19/2017	5:00 PM	7:27 PM	2 h 27 m	Mr. Jacobs
SPECIAL 5/2/17	5:00 PM	5:08 PM	0 h 8 m	Larry King
5/17/2017	5:00 PM	6:20 PM	1 h 20 m	Larry King
6/21/2017	5:00 PM	6:58 PM	1 h 58 m	
7/19/2017	5:00 PM	6:07 PM	1 h 7 m	David Smith via teleconference
SPECIAL 8/2/17	5:07 PM	6:28 PM	1 h 21 m	Larry King via teleconference
SPECIAL 8/8/17	4:01 PM	5:14 PM	1 h 13 m	
8/23/2017	5:00 PM	6:35 PM	1 h 35 m	Larry King via teleconference
SPECIAL 8/30 /17	3:00 PM	3:07 PM	0 h 7 m	Mr. King and Mr. Hamilton
9/20/2017	5:00 PM	6:22 PM	1 h 22 m	
10/17/2017	5:00 PM	6:23 PM	1 h 23 m	
11/21/2017	5:00 PM	7:11 PM	2 h 11 m	
12/19/2017	5:00 PM	6:30 PM	1 h 30 m	
1/16/2018	5:00 PM	7:00 PM	2 h	
2/20/2018	5:00 PM	7:34 PM	2 h 34 m	
SPECIAL 3/7/18	3:14 PM	4:47 PM	2 h 33 m	Jacobs and King via teleconference
3/20/2018	5:00 PM	6:37 PM	1 h 37 m	Jacobs
4/17/2018	5:00 PM	7:12 PM	2 h 12 m	Hamilton in hospital
5/15/2018	5:00 PM	6:37 PM	1 h 37 m	Jacobs
6/12/2018	4:00 PM	6:13 PM	2 h 13 m	
7/17/2018	5:00 PM	6:32 PM	1 h 32 m	Jacobs
8/21/2018	5:00 PM	7:03 PM	2 h 3 m	
9/18/2018	5:00 PM	7:02 PM	2 h 1 m	
10/16/2018	5:00 PM	7:18 PM	2 h 18 m	Mr. Jacobs
11/15/2018	5:00 PM	7:17 PM	2 h 17 m	Mr. Jacobs
12/18/2018	5:00 PM	7:04 PM	2 h 4 m	
1/15/2019	5:00 PM	6:12 PM	1 h 12 m	Hamilton
2/19/2019	5:00 PM	5:55 PM	0 h 55 m	
3/19/2019	5:00 PM	6:45 PM	1 h 45 m	Mr. Jacobs
4/16/2019	5:00 PM	6:37 PM	1 h 37 m	Mr. Jacobs
5/16/2019	5:00 PM	6:33 PM	1 h 33 m	Mr. Jacobs
6/18/2019	5:00 PM	6:43 PM	1 h 43 m	Jacobs, Hamilton via Facetime
7/16/2019	5:00 PM	7:02 PM	2 h 2 m	Jacobs
8/19/2019	5:00 PM	6:58 PM	1 h 58 m	Jacobs
9/17/2019	5:00 PM	7:00 PM	2 h 0 m	
10/15/2019	5:00 PM	7:10 PM	2 h 10 m	
11/21/2019	5:00 PM	7:00 PM	2 h 0 m	

19/2/19

Note: that if members absent column is blank, it was not stated that all members were present.

6,000 per year = 500 per month

- if 2 hr x 1 month = 250 per hr

- 1 hr x 1 month = 500 per hour

1/15/19 - 1 hr 12 minutes 72 - Hamilton X

2/19/19 - 55 minutes - 55

3/19/19 - 1 hr - 45 minutes - 105 - Jacobs X

4/16/19 - 1 hr 37 minutes - 97 - Jacobs X

5/16/19 - 1 hr 33 minutes - 99 - Jacobs X

6/18/19 - 1 hr 43 minutes - 103 - Jacobs X
~~Hamilton X~~

7/16/19 - 2 hr - 2 minutes - 122 - Jacobs X

8/20/19 - 1 hr - 58 minutes - 118 - Jacobs X

9/17/19 - ~~2:27 but cycle~~ 2 hours - 120

10/15/19 - 2 hr 10 minutes - 130

11/21/19 - 2 hr - 120

$1,141 \div 60 = 19.02 \text{ hours}$

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

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

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

*Mark Lewis
General Manager
Letcher County Water and Sewer District
3443 US 119 North
Mayking, KY 41837

*Jared Salmons
Knott County Water & Sewer District
474 Highway 1087 W
Leburn, KY 41831

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

*Jeremy R Morgan
Attorney at Law
PO Box 1268
Hazard, KENTUCKY 41702

*Calvin R Tackett
Esquire
40 Main Street
Whitesburg, KENTUCKY 41858

*Justin M. McNeil
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

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

*Knott County Water & Sewer District
7777 Big Branch Road
Vico, KY 41773