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RECEIVED

FEB 28 2020

PUBLIC SERVICE
COMMISSION

February 28, 2020

Via Hand-Delivery

Kent Chandler
Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

Re: In the Matter of: *Application of Knott County Water and Sewer District for an Alternative Rate Adjustment* - Case No. 2019-00268

Dear Mr. Chandler:

Enclosed please find for filing with the Commission in the above-referenced case an original and five copies of Knott County Water and Sewer District's ("KCWSD") Response to Letcher County Water and Sewer District's Motion for Rehearing. Please return a file-stamped copy to me.

Please do not hesitate to contact me if you have any questions.

Sincerely,



Mark David Goss

Enclosures

RECEIVED

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

FEB 28 2020

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

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

KNOTT COUNTY WATER AND SEWER DISTRICT'S RESPONSE
TO LETCHER COUNTY WATER AND SEWER DISTRICT'S
MOTION FOR REHEARING

Comes now Knott County Water and Sewer District ("KCWSD"), by counsel, pursuant to KRS 278.400 and 807 KAR 5:0001 Section 5, and other applicable law, and respectfully provides this response in objection to Letcher County Water and Sewer District's ("LCWSD") Motion for Rehearing.

LCWSD's Motion for Rehearing Was Not Timely Filed and Should be Dismissed

The Commission's Final Order in this case was entered on January 31, 2020. KRS 278.400 requires that a Motion for Rehearing must be filed within 20 days "after service of the order", but provides a three-day mail rule to be added "after the date the order is mailed." [emphasis added]. All case documents emanating from the Commission in this proceeding have been served electronically including the Commission's Final Order which was electronically served to all parties on January 31, 2020, at 2:56 p.m., and never mailed. LCWSD's Motion for Rehearing should have been filed on or before February 20, 2020. However, it was actually filed on February 21, 2020, some 21 days following service of the Commission's Final Order. This procedural circumstance is fatal to LCWSD's Motion for Rehearing and KCWSD respectfully suggests that the Commission dismiss it without the necessity of addressing LCWSD's substantive arguments.

The Commission's Findings Regarding the Level of Health Insurance Expense Does Not Conflict With the Evidence of Record

LCWSD states that the health insurance contract was not part of the record of the proceeding and that Commission Staff did not indicate that it had verified the information in the contract. LCWSD claim is incorrect. KCWSD indeed provided a copy of the KEHP contract to Commission Staff as requested in the "field audit" at the beginning stages of this proceeding. For ease of reference KCWSD is also attaching a copy of this contract to this response as Exhibit A.

Furthermore, LCWSD attached a chart as Exhibit B to its motion. This exhibit was incorrect as filed by LCWSD. Attached to this response is a corrected Exhibit B with the corrected information highlighted. LCWSD incorrectly stated in Exhibit B that two employees, (Jerry Hall and Matt Catron) contributed zero dollars to their respective health insurance expense. In fact, Jerry Hall contributed an annualized amount of \$3,744.72 and Matt Catron contributed \$1,890.72. Including these figures in the Annualized Employee Contribution column in Exhibit B changes the total Annualized Employee Contribution to \$19,099.63, the importance of which is discussed below.

The Commission's Decision Does Not Conflict With Prior Commission Decisions

In Footnote 9 of LCWSD's motion, it states that the Commission's decision in *Electronic Application of Jackson Purchase Energy Corporation for A General Adjustment in Existing Rates*, Case No. 2019-00053 (Ky. PSC June 20, 2019) is not applicable to this proceeding. In that case the Commission stated on page 9 that "as long as the employee contribution rate for health insurance is at least 12 percent, it will not make a further adjustment to the national average. If a utility's employees' health insurance contribution is less than 12 percent, the Commission will adjust all contributions to the national average." By correcting the errors made

by LCWSD to its Exhibit B, KCWSD's employees contribute more than 12 % to their health insurance. In fact, that percentage is 15.56%.

In addition, there is no statute or regulation that delineates the amount of health insurance contribution that employees must make. The Commission has the discretion to address these issues on a case-by-case basis and to look at the overall wage and benefit package of each utility in making this determination. As evidenced above by the *Jackson Purchase Energy* case, the Commission does not always defer to the national average rates in making this type of decision and its ruling in the final order was proper .

WHEREFORE, for the reasons stated above, KCWSD respectfully requests that the Commission deny LCWSD's Motion for Rehearing in this matter.

Done this 28th day of February 2020.

Respectfully submitted,



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Counsel for Knott County Water and Sewer District

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing was sent via U.S. Mail, postage pre-paid, to the following individuals on this 28th day of February, 2019:

Hon. Justin McNeil
Office of the Attorney General
700 Capital Ave., Suite 20
Frankfort, KY 40601-8204

Gerald Wuetcher
Stoll Keenon Ogden, PLLC
300 West Vine Street, Suite 2100
Lexington, KY 40507-1801

Jeremy Morgan
City Attorney
P. O. Box 496
Hindman, KY 41822

A handwritten signature in blue ink, appearing to read "Laurel D. Bon".

Counsel for Knott County Water and Sewer District

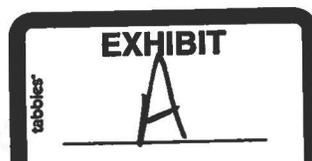
**AGREEMENT FOR HEALTH CARE INSURANCE COVERAGE WITH THE
COMMONWEALTH OF KENTUCKY GROUP
AND
THE KNOTT COUNTY WATER AND SEWER DISTRICT**

This Agreement is entered into on this 28th day of May, 2003, by and between the Office of Public Employee Health Insurance of the Personnel Cabinet (the "OPEHI") and the Knott County Water and Sewer District (the "Agency") for health care coverage with the Commonwealth Group, beginning on September 1, 2003 and all subsequent Plan Years. The OPEHI and the Agency agree as follows:

1. This Agreement sets forth terms and conditions of the contractual arrangement between the OPEHI and the Agency for the procurement of health insurance coverage with the Commonwealth Group.
2. This document and all documents incorporated into this Agreement by reference, with which the Agency agrees to comply, are listed in the order of their preference and are:
 - A. This Agreement and any modifications thereto;
 - B. All Agreements between the OPEHI and each Carrier or Third Party Administrator for each applicable Plan Year, which may include Letters of Agreement, Addenda, the Request For Proposal, the responses to the RFP and any changes or revisions to those Agreements.

Any changes or revisions to this Agreement shall be made in writing and agreed to by the Commonwealth and the Agency.

3. The Agency agrees to the administration of the plan in accordance with all policies developed and implemented by the OPEHI, including, but not limited to, eligibility requirements, open enrollment periods, status changes (qualifying events) and COBRA. In the event the Agency is not otherwise subject to specific federal laws, such as the Family Medical Leave Act, leave without pay, medical leave, benefit eligibility status, the Agency shall provide the OPEHI with a copy of all such policies.
4. The Agency acknowledges that the Commonwealth Group is governed by a Plan Document, as required by the I.R.C. § 125, and agrees to abide by the Federal Laws and Regulations governing such cafeteria plans.
5. The Agency agrees to assume all responsibility for completing and filing any necessary or required federal reports associated with the sponsorship of a cafeteria plan.
6. The Agency agrees to provide the necessary support staff during the annual open enrollment periods and will assure their attendance at all training and support offerings sponsored by the OPEHI.



7. The Agency understands, and agrees to accept, the eligibility criteria as set forth in KRS § 18A.225 (“regularly employed” and “participating in one of the state sponsored retirement systems”), which may limit those persons that could otherwise be included in the Agency’s insurance group.
8. The Agency agrees to the payment of a monthly administrative fee to the Personnel Cabinet.
9. The Agency agrees to the payment of premiums directly to the individual carriers and to request any refunds in accordance with the terms and conditions of the contracts with the carriers, as if the Agency were the procuring party.
10. The Agency agrees that the employer contribution will be at least the same as the Commonwealth’s contribution and, if the agency uses the UPPS payroll system, the contribution will be no greater than the Commonwealth’s contribution.
11. The Agency shall not be allowed to participate in any enrollment for Plan Year 2003 unless it has executed this Agreement with the OPEHI on May 28, 2003.
12. If the Agency is subject to the provisions of KRS § 79.080, the Agency agrees to remain in the Commonwealth Group a minimum of three (3) years. If the Agency chooses to remove their employees from the Commonwealth Group at any time after completing the three (3) year commitment, participation will not be permitted again until that Agency’s employee group has remained out of the Commonwealth Group for at least three (3) years. If the Agency has an application pending for participation in the County Employees Retirement System in accordance with KRS 78.530, the foregoing provisions of paragraph 12 shall not be applicable and this Agreement shall be irrevocable.
13. The Agency acknowledges that the statutory provisions governing the Commonwealth Group are subject to change and agrees that any relevant statutory changes, and policies implementing those changes, are to be incorporated as a part of this agreement.

IN WITNESS WHEREOF, the Commonwealth and the Agency, by their duly authorized officers or representatives, have executed this Agreement on the date first above written.

AGENCY

Reva Campbell
Reva Campbell
Authorized Official

May 28, 2003
Date

OPEHI

Jill R. Hunter
Jill R. Hunter, Deputy Executive Director

5 - 28 - 03
Date

REVISED EXHIBIT B

Name	Type	Total Premium (Annualized)	Annualized Employee Contribution	Actual Employer Contribution	Annualized Employer Contribution	PSC Employer Contribution
Jacobs, Benny	Living Well CDHP - Couple	\$ 15,907.68	\$ 3,181.54	\$ 12,726.14	\$ 12,726.14	\$ 10,499.07
Hall, Jerry	Standard CDHP - Family	\$ 19,383.60	\$ 3,744.72	\$ 19,383.60	\$ 19,383.60	\$ 12,793.18
Hopkins, James M.	Living Well CDHP - Single	\$ 8,513.52	\$ -	\$ 8,513.52	\$ 8,513.52	\$ 6,725.68
Shrum, Roger	Living Well PPO - Family	\$ 21,211.20	\$ 4,242.24	\$ 16,968.96	\$ 16,968.96	\$ 13,999.39
Gibson, Chad	Living Well CDHP - Family	\$ 17,757.12	\$ 3,551.42	\$ 14,205.70	\$ 14,205.70	\$ 11,719.70
Catron, Matt	Living Well PPO - Cross -Ref	\$ 10,520.16	\$ 1,890.72	\$ 10,520.16	\$ 10,520.16	\$ 7,048.51
Slone, Gavin	Living Well PPO - Single	\$ 8,752.08	\$ -	\$ 7,293.40	\$ 8,752.08	\$ 5,761.79
Wilder, Nathaniel	Standard PPO - Single	\$ 8,220.00	\$ -	\$ 8,220.00	\$ 8,220.00	\$ 6,493.80
Salmons, Jared	Living Well PPO (Parent Plus)	\$ 12,444.96	\$ 2,488.99	\$ 9,955.97	\$ 9,955.97	\$ 8,213.67
Total		\$ 122,710.32	\$ 19,099.63	\$ 107,787.45	\$ 109,246.13	\$ 83,254.79

tabbles

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EXHIBIT