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October 10, 2023

PARTIES OF RECORD

Re: Case No. 2023-00183

Attached is a copy of a memorandum, which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum, please do so within five days of receipt of this letter.

If you have any questions, please contact Michael Crum at Michael.Crum@ky.gov.

Sincerely,

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

Linda C. Bridwell, PE
Executive Director

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2023-00183

FROM: Michael Crum, Attorney PSC

DATE: October 6, 2023

RE: Informal Conference of October 3, 2023

Pursuant to an Informal Conference Notice issued on September 25, 2023, an informal conference (IC) was conducted on October 3, 2023. Attached is a copy of the attendance roster.

The purpose of the IC was to discuss North Manchester Water Association, Inc.'s (North Manchester Water) responses to Commission Staff's First Request for Information (Staff's First Request).

Introductions were given for the attendees of the Informal Conference on Tuesday, October 3, 2023.

Commission Staff asked why North Manchester Water had not provided the trial balance or general ledger. North Manchester Water responded that because their accountant was at a conference that week, the engineering consultant submitted the responses to the Staff's First Request for Information, and the engineering consultant said he did not have time to finish the data response. Commission Staff took the time to remind North Manchester Water that whoever signs the data request needs to be the person who actually compiled the answer, noting that the accountant for North Manchester Water verified the answer, but it was actually the engineering consultant for North Manchester Water that prepared and submitted the answer. North Manchester Water confirmed that was correct.

Next, Commission Staff let North Manchester Water know that more information was needed regarding the employee benefits of North Manchester Water. Commission Staff described how to respond adequately to the description of benefits questions and North Manchester Water confirmed it understood.

Commission Staff then inquired about the lease with the Clay County Fiscal Court. The information provided by North Manchester Water did not show the balance as of December 31, 2022, nor was an amortization schedule provided. North Manchester Water responded that the information was provided by the Kentucky Infrastructure Authority. Commission Staff asked about North Manchester Water's claim that it had reached new terms for the lease agreement. North Manchester Water responded that it had spoken with Donna McNeil and her financial advisor with the

Kentucky Infrastructure Authority at a meeting at the Clay County Fiscal Court. North Manchester Water responded that there were never any formal documents evidencing new terms for the loan, but that it was agreed upon. North Manchester Water does not know how it can come up with records evidencing the new terms of the loan agreement. Commission Staff recommended North Manchester Water provide a narrative response accounting for the meeting about the new terms of the loan agreement and provide any documentation of the new terms. North Manchester Water said the new terms should be contained within the minutes of the Clay County Fiscal Court. Commission Staff recommended providing the Clay County Fiscal Court minutes. Commission Staff then asked about the amortization schedule and that Commission Staff does not know what the revised term of the loan is. North Manchester Water confirmed it will contact the Clay County Fiscal Court to request the records.

Next, Commission Staff inquired about the purchase and financing by North Manchester Water of a work vehicle. Commission Staff does not have any executed documents regarding the purchased vehicle. North Manchester Water responded that it provided Commission Staff with an unsigned Purchase Order for the work vehicle. Commission Staff asked North Manchester Water to submit any executed documents relating to the purchase of the work vehicle.

Commission Staff then informed North Manchester Water that it needed to provide the number of occurrences for each type of nonrecurring charge in its responses to Commission Staff Data Requests.

Then Commission Staff asked North Manchester Water where it keeps its accounting records. North Manchester Water responded that its billing records are kept at the North Manchester Water office and all accounting records are kept at North Manchester Water's accountant's office. Commission Staff recommended that North Manchester Water review regulation 807 KAR 5:006, Section 24 for how utility records are to be kept.

Next, Commission Staff asked who at North Manchester Water operates as the day-to-day general manager for the purpose of establish priorities and work assignments. North Manchester Water responded that a field manager handles field maintenance things, but the Office Manager handles the work orders and gives those to the field manager.

Lastly, Commission Staff asked North Manchester Water to confirm the number of employees it has. North Manchester Water confirmed it has six employees. Commission Staff informed North Manchester Water that it would ask more questions about part-time and full-time operator employment history.

Commission Staff again informed North Manchester Water that it should discuss with their counsel that the person who signs and submits answers on behalf of North Manchester Water needs to be the person who actually compiled the information and answered the question.

Finally, Commission Staff also reminded North Manchester Water and their counsel that there needs to be documentation in the record about any loan or lease payments, and that it is North Manchester Water's responsibility to seek and compile all information sought by the Commission. Commission Staff also reminded North Manchester Water that their loan agreement is with the Clay County Fiscal Court, so the Clay County Fiscal Court is the one who needs to speak for the occurrence of events and what has changed in in their loan agreement with North Manchester Water. Commission Staff asked about the status of ongoing litigation with Clay County Fiscal Court. North Manchester Water responded that its attorney is handling the issue with the Clay County Fiscal Court. Commission Staff requested letters or other evidence showing the progress of the litigation.

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

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NORTH)	
MANCHESTER WATER ASSOCIATION, INC.)	CASE NO.
FOR A RATE ADJUSTMENT PURSUANT TO)	2023-00183
807 KAR 5:076		

OCTOBER 3, 2023

Please sign in:

NAME	REPRESENTING
Heather Temple	PSC – Legal
Michael Crum	PSC – Legal
Ashley Hatcher	PSC – Legal
Hannah Gray	PSC – Legal
Liz Stefanski	PSC – Financial Analysis
Jeff Abshire	PSC – Financial Analysis
Noah Abner	PSC – Financial Analysis
Mike Maggard	Sisler-Maggard Engineering, PLLC
Ted Woods	CPA
Steve Davis	President, North Manchester Water Association, Inc.
Rose Lewis	Office Manager, North Manchester Water Association, Inc.
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