COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF	)
KENTUCKY RURAL WATER	)
ASSOCIATION FOR ACCREDITATION	) **CASE NO. 2023-00245**
APPROVAL OF COMMISSIONER	)
TRAINING AND CONTINUING	)
EDUCATION CREDIT	)

NOTICE OF FILING AND COMPLIANCE

Pursuant to the Kentucky Public Service Commission's (the "Commission") August 15, 2023 Order in the above-referenced case, Kentucky Rural Water Association gives notice of its compliance with the provisions of said Order and the filing of the following documents:

1. A sworn statement attesting that the accredited instruction was performed, including a statement that the materials regarding each session were distributed as required by the Commission (**Exhibit 1**);

2. A description of any changes in the presenters or the proposed curriculum that occurred after submission of the application for accreditation (**Exhibit 2**);

3. The name of each attending water district commissioner, his or her water district, and the number of hours that he or she attended (**Exhibit 3**);

4. A copy of all written materials given to water district commissioners not Included in the Application (**Exhibit 4**);

Dated: October 9, 2023

Respectfully submitted

Damon R. Talley
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Counsel for Kentucky Rural Water Association and Stoll Keenon Ogden PLLC

CERTIFICATE OF SERVICE

In accordance with the Commission's order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on October 9, 2023; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

Damon R. Talley

EXHIBIT 1

COMMONWEALTH OF KENTUCKY)
)SS
COUNTY OF WARREN)

AFFIDAVIT

Randall Kelley, being first duly sworn, states that:

1. He is the Education Director for Kentucky Rural Water Association and served as one of the organizers of the water training program entitled "Water Commissioner Training."

2. "Water Commissioner Training" was held August 29-30, 2023 at the Galt House Hotel, 140 North Fourth Street, Louisville, Kentucky, as part of Kentucky Rural Water Association's 44th Annual Conference.

3. The presentations listed in the proposed program agenda submitted to the Kentucky Public Service Commission were conducted for the length of the time specified and by the listed presenters.

4. Each attendee was provided a copy of the program agenda in paper medium and access to PowerPoint presentations.

Randall Kelley
Kentucky Rural Water Association
1151 Old Porter Pike
Bowling Green, Kentucky 42103
r.kelley@krwa.org

COMMONWEALTH OF KENTUCKY)
)SS
COUNTY OF WARREN)

Sworn and subscribed to before me by Randall Kelley on this 9th day of October, 2023.

Bobbie S. Shanahan
Notary Public

KYNP53770
Notary No.

My Commission expires: 7/12/2026

EXHIBIT 2

EXHIBIT 2

CHANGES TO PROPOSED AGENDA AND PRESENTATIONS

The agenda found at Exhibit 1 of the application was not revised; however, three presentations follow that were not previously included with the original Application for sessions held on Wednesday, August 30, 2023:

1. Update from the USEPA (Brian Smith)
2. Update from the PSC (Kent Chandler)
3. Update from KIA (Sandy Williams)

EPA Regulations Funding and Assistance Overview

Kentucky Rural Water Association Annual Conference
August 30, 2023

EPA United States Environmental Protection Agency

Overview

- EPA PFAS Strategic Roadmap Highlights
- PFAS Drinking Water Regulation
- Lead and Copper Rule Revisions and Improvements
- Cybersecurity

EPA's Goals in the PFAS Strategic Roadmap

RESEARCH

Invest in research, development, and innovation to increase understanding of

- PFAS exposures and toxicities;
- Human health and ecological effects; and
- Effective interventions that incorporate the best-available science.

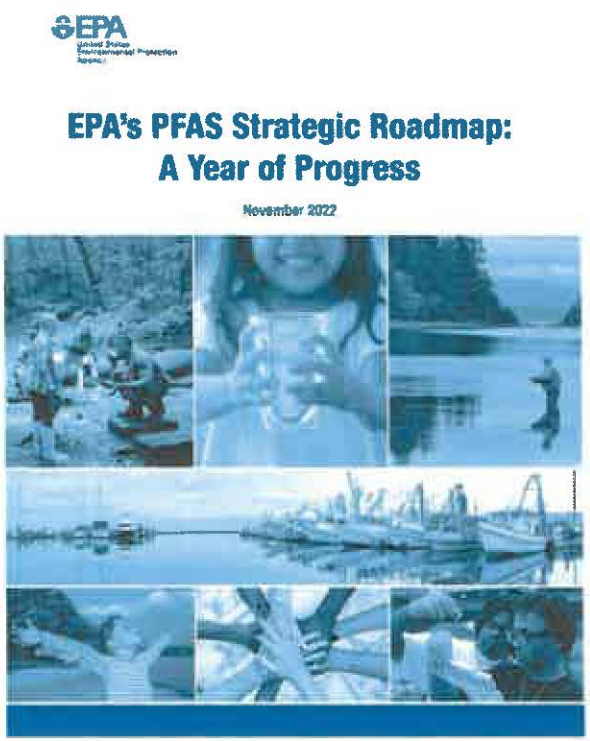
RESTRICT

Pursue a comprehensive approach to proactively prevent PFAS from entering air, land, and water at levels that can adversely impact human health and the environment.

REMEDIATE

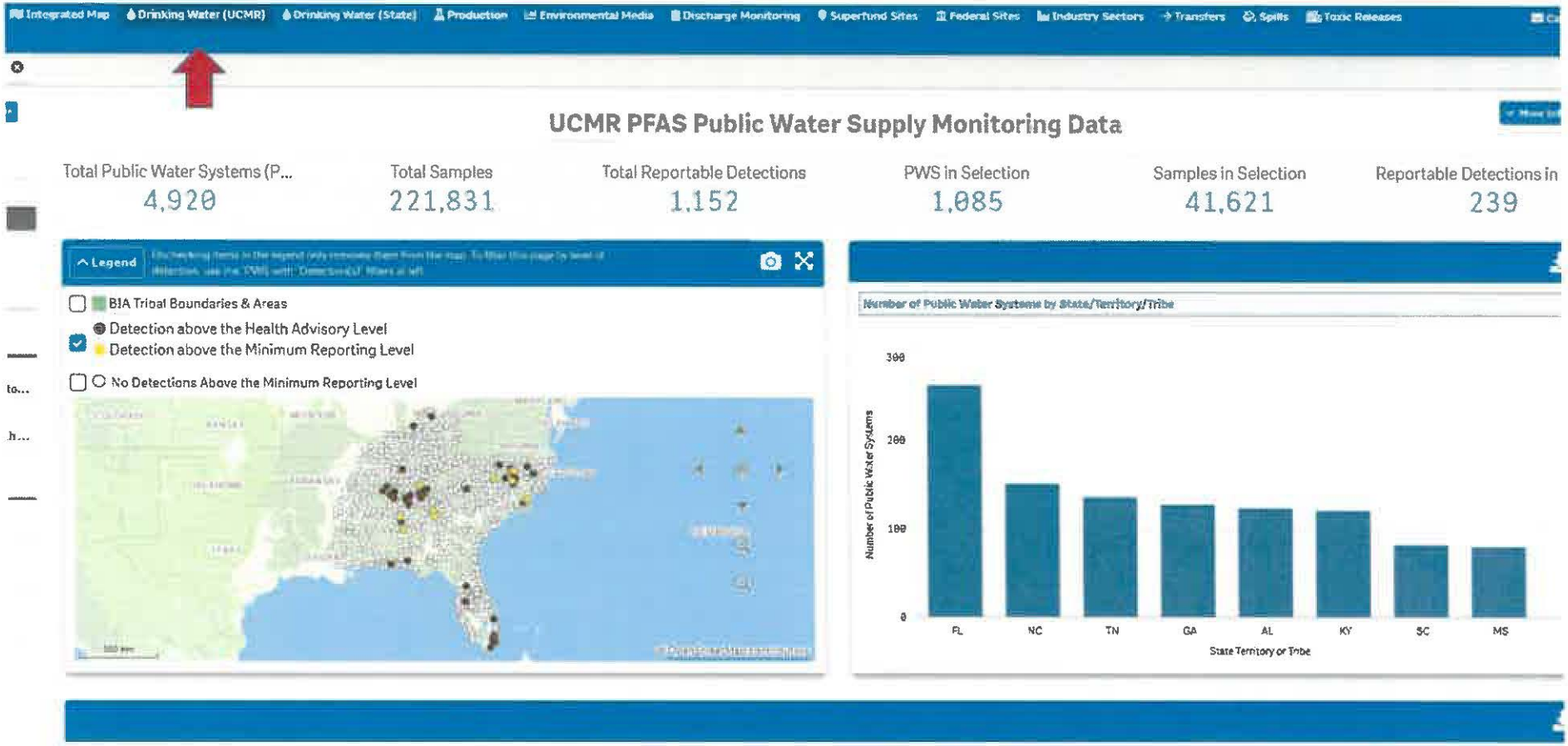
Broaden and accelerate the cleanup of PFAS contamination to protect human health and ecological systems.

Key EPA PFAS Accomplishments: (October 2021-present)

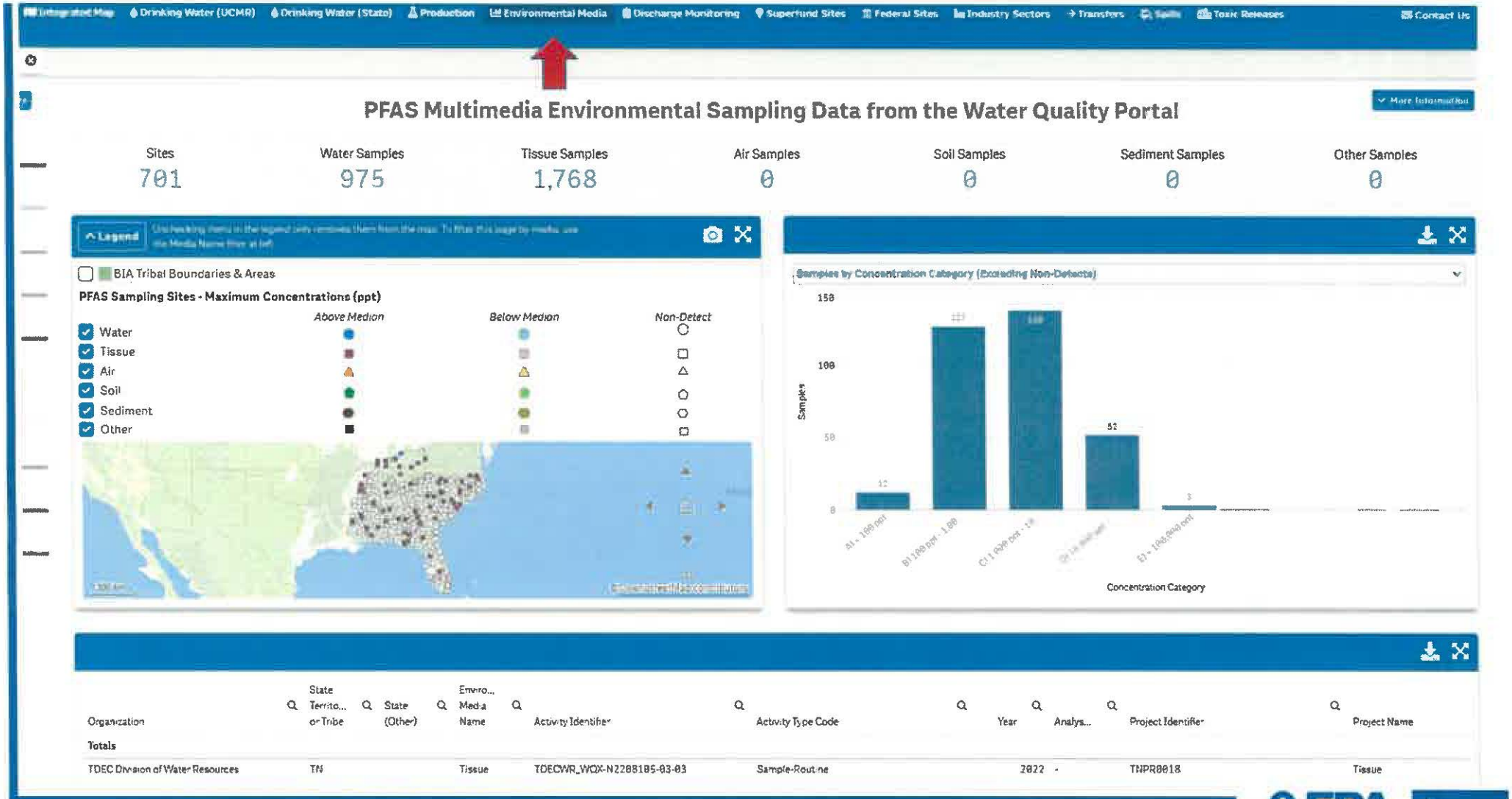


- Proposed a National Primary Drinking Water Regulation for six PFAS
- Proposed to designate PFOA and PFOS as CERCLA hazardous substances
- Taken action to restrict PFAS discharges to waterways
- Laid the foundation for enhancing PFAS chemical and drinking-water data
- Began distributing $10 billion in Bipartisan Infrastructure Law funding to address emerging contaminants in water
- Expanded the scientific understanding of PFAS and translated the latest science into EPA's efforts
- Proactively used enforcement tools to identify and address PFAS releases
- Engaged with federal partners and the public

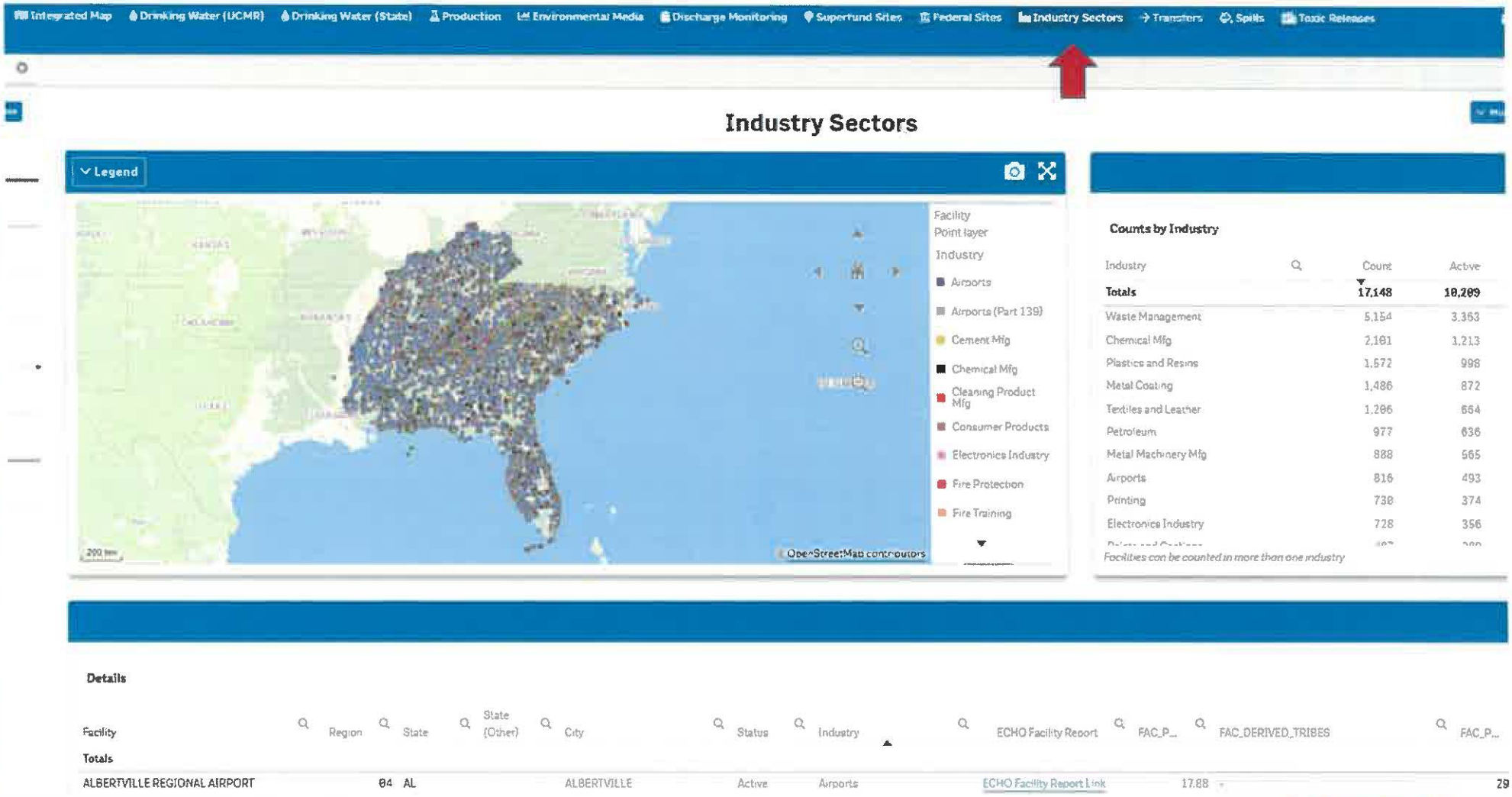
PFAS Strategic Roadmap: EPA's Commitments to Action 2021–2024



PFAS Analytic Tools - https://echo.epa.gov/trends/pfas-tools



PFAS Analytic Tools - https://echo.epa.gov/trends/pfas-tools



PFAS Analytic Tools - https://echo.epa.gov/trends/pfas-tools

Key Roadmap Actions: Research and Development

Develop and validate methods to detect and measure PFAS	RESEARCH
Advance the science to assess human health and environmental risks	RESEARCH
Evaluate and develop technologies for reducing PFAS in the environment	RESEARCH REMEDIATE

EPA ORD PFAS Technical Assistance

- Purpose: to help communities determine the most cost-effective approaches for PFAS removal
- Goal is to sample full- or pilot-scale PFAS treatment facilities to define both capital and operating costs
- Offering monitoring assistance for 1 year throughout treatment system
- Communities need to be willing to share water quality, design and cost information
- Information can be used to help future design and operation optimization and to develop national database of approximately 50 system case studies

Key Roadmap Actions: Protecting our Water

Set enforceable limits for PFAS in drinking water	RESTRICT
Improve PFAS drinking-water data through monitoring, toxicity assessments, and health advisories	RESEARCH
Develop technology-based PFAS limits for industrial dischargers	RESTRICT
Address PFAS in Clean Water Act permitting, analytical methods, water quality criteria, and fish advisories	RESEARCH RESTRICT
Evaluate risks of PFAS in biosolids	RESEARCH

PFAS Strategic Roadmap: EPA's Commitments to Action 2021–2024

EPA's Proposed Action for the PFAS NPDWR

Compound	Proposed MCLG	Proposed MCL (enforceable levels)
PFOA	**zero**	**4.0 ppt***
PFOS	**zero**	**4.0 ppt***
PFNA		
PFHxS	**1.0 (unitless) Hazard Index**	**1.0 (unitless) Hazard Index**
PFBS		
HFPO-DA (commonly referred to as GenX Chemicals)		

The Hazard Index is a tool used to evaluate potential health risks from exposure to chemical mixtures.

*ppt = parts per trillion (also expressed as ng/L)

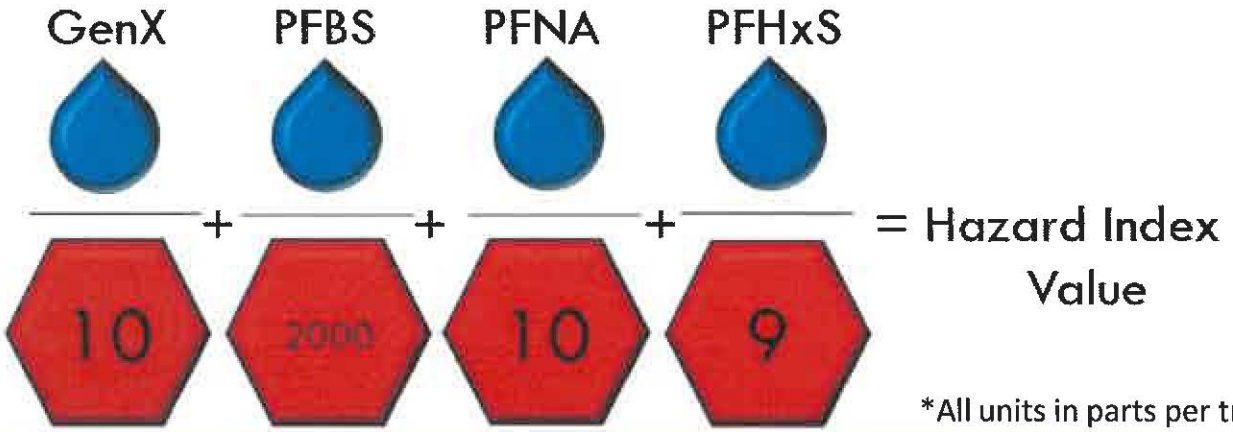
EPA's Proposed Action for the PFAS NPDWR

What is a Hazard Index?

The HI is used to understand health risks. For the PFAS NPDWR proposal, the HI considers the combined toxicity of PFNA, GenX Chemicals, PFHxS, and PFBS in drinking water.

How do I calculate the Hazard Index?

The HI is made up of a sum of fractions. Each fraction compares the level of each PFAS measured in the water to the level determined not to cause health effects (i.e., the Health Based Water Concentrations (HBWC)).



*All units in parts per trillion (ppt)

Steps:

Step 1: Divide the measured concentration of **GenX** by the health-based value of **10 ppt***

Step 2: Divide the measured concentration of **PFBS** by the health-based value of **2000 ppt**

Step 3: Divide the measured concentration of **PFNA** by the health-based value of **10 ppt**

Step 4: Divide the measured concentration of **PFHxS** by the health-based value of **9.0 ppt**

Step 5: Add the ratios from steps 1, 2, 3, and 4 together

Step 6: To determine HI compliance, repeat steps 1-5 for each sample collected in the past year and calculate the average HI for all the samples taken in the past year

Step 7: If the running annual average HI greater than 1.0, it is a violation of the proposed HI MCL

PFAS NPDWR Key Milestones and Path Forward

- Final Regulatory Determinations for PFOA and PFOS: March 2021
- Preliminary Regulatory Determinations for PFHxS, PFNA, PFBS, GenX Chemicals, and their mixtures: March 2023
- Proposed PFAS NPDWR for PFOA, PFOS, PFHxS, PFNA, PFBS, and GenX Chemicals: March 2023
- Public Comment Period on Proposed PFAS NPDWR: March 29 – May 30, 2023
- Public Hearing on Proposed PFAS NPDWR: May 4, 2023 — YOU ARE HERE
- Final PFAS NPDWR Promulgated: Anticipated December 2023
- PFAS NPDWR Effective Date: Anticipated December 2026 (three years following final rule promulgation)

Bipartisan Infrastructure Law and PFAS

The Bipartisan Infrastructure Law makes transformational investments in America's water infrastructure. It provides $10 billion to invest in communities impacted by PFAS and other emerging contaminants, including:

$4 billion	Drinking Water State Revolving Fund
$1 billion	Clean Water State Revolving Fund
$5 billion	Small or Disadvantaged Communities Drinking-Water Grants

PFAS Strategic Roadmap: EPA's Commitments to Action 2021–2024

Technical Assistance to Communities

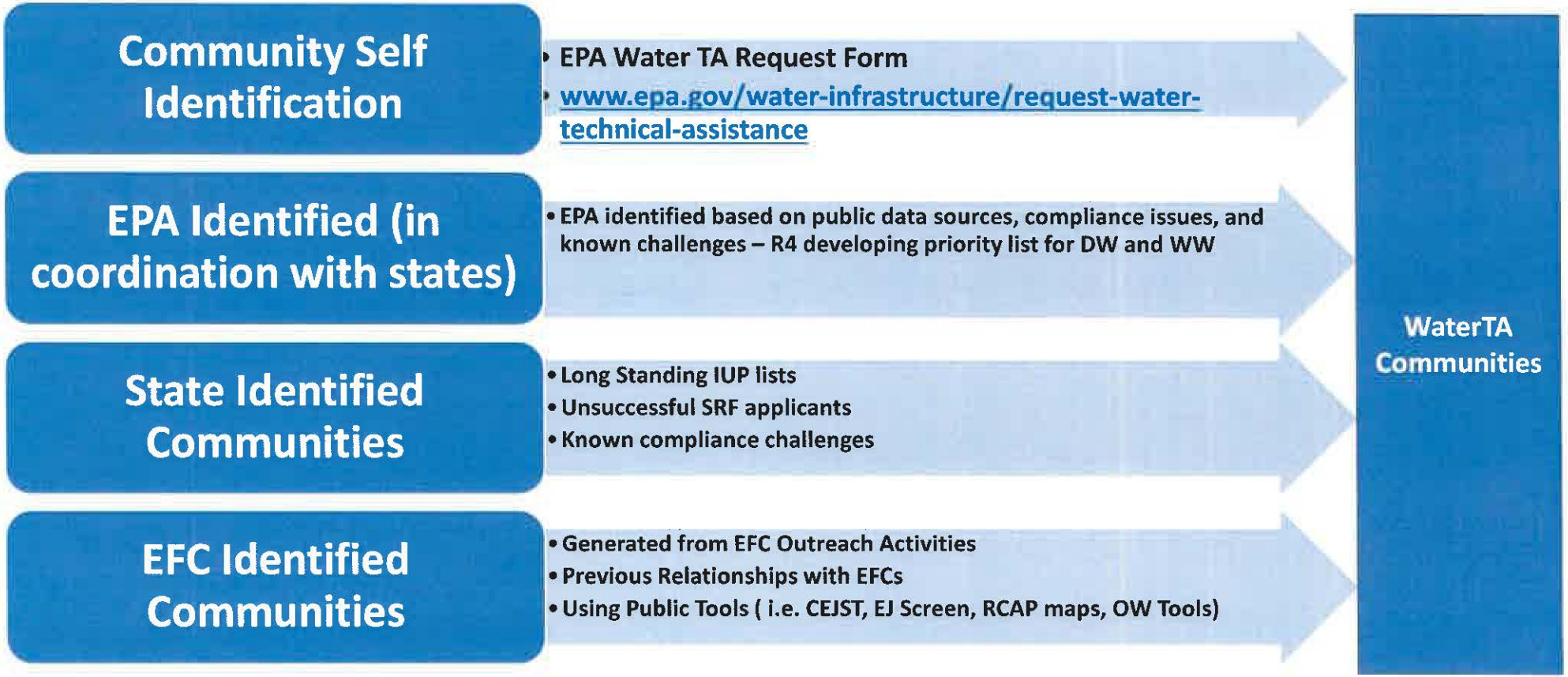
All communities need access to safe, clean, and reliable water

- **Challenge**: Underserved and disadvantaged communities need support to develop quality State Revolving Fund (SRF) projects and apply for funding.

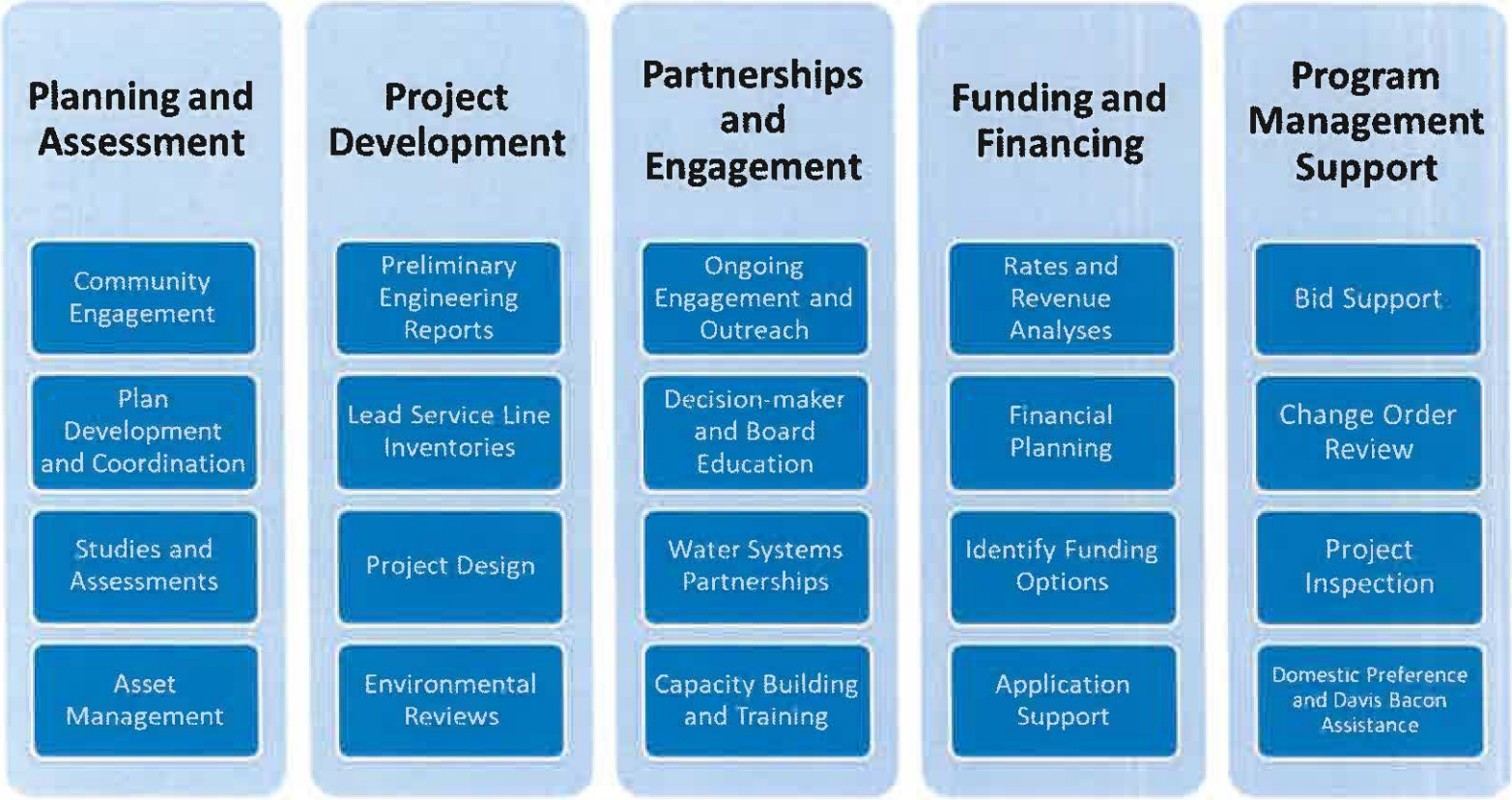
- **Goal of WaterTA**: EPA Water Technical Assistance (WaterTA) will build the pipeline of quality SRF projects from disadvantaged and underserved communities, in collaboration with states, tribes and territories. Many communities have never participated in the SRF Program. Subsidization of BIL SRF funds opens doors for these communities.

- **Partnership with States:** A core value of EPA WaterTA is to compliment existing TA efforts by states and other stakeholders and to collaborate and coordinate.

Multiple Pathways for Identifying Communities for WaterTA



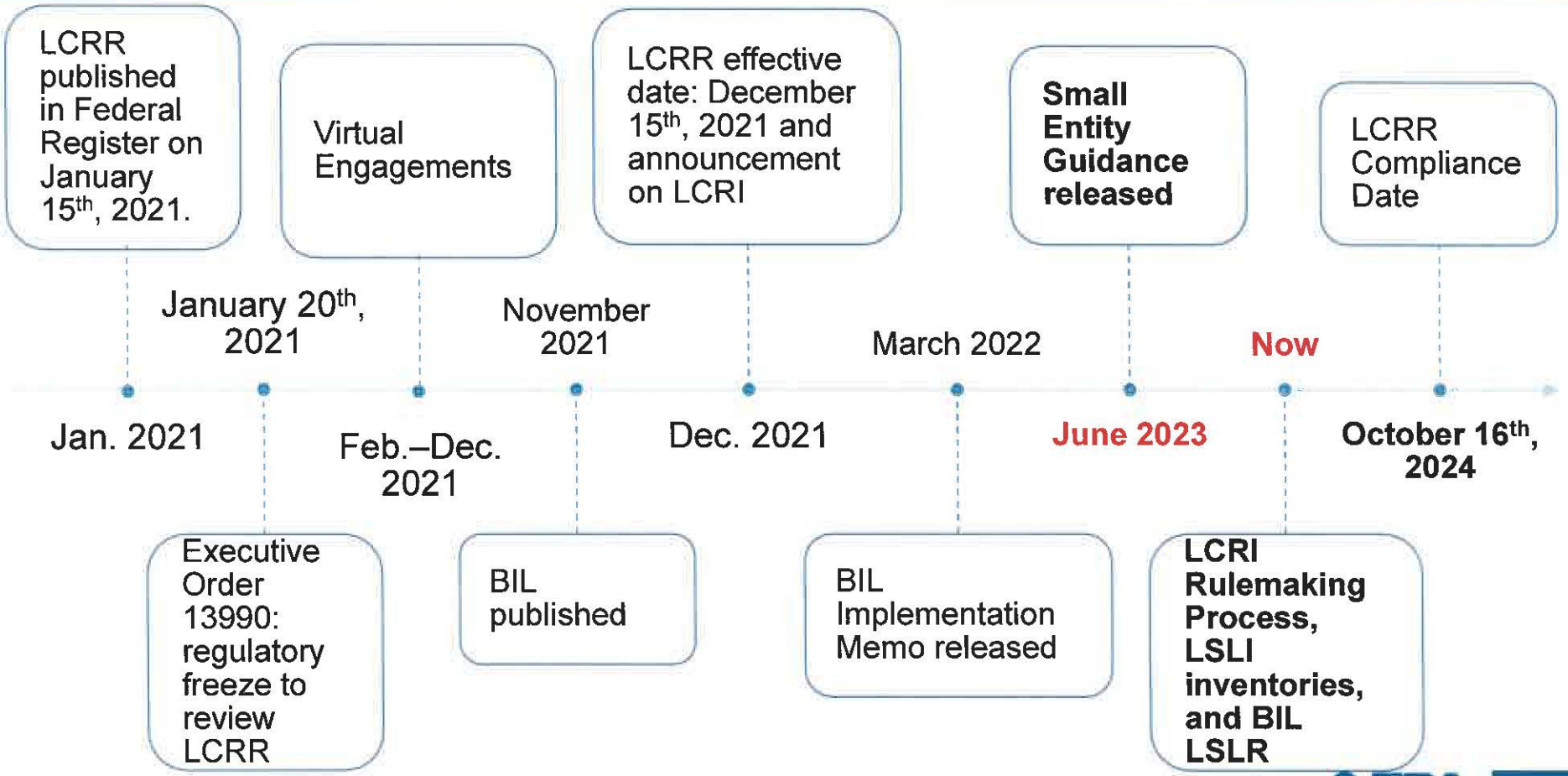
Summary of Possible WaterTA Services



Lead and Copper Rule Improvements (LCRI)

- Goals:
  - Proactive and equitable lead service line replacement (LSLR),
  - Strengthening compliance tap sampling to better identify communities most at risk of lead in drinking water and to compel lead reduction actions, and
  - Reducing the complexity of the regulation through improvement of the action and trigger level construct

LCRR/LCRI Timeline of Engagement



What to focus on now

- 141.84
- Service line inventories
  - All service lines
  - Private and public side (customer and utility side)
  - Must have location identifiers
  - Must be publicly accessible
- Due by Oct 16, 2024
- EPA guidance anticipated by end of Spring

Suggested Stepwise Service Line Identification

Preliminary Records Review

For example:
- Local plumbing code history, e.g. determine when Pb was last used

Community Records

- SL installation/maintenance records
- Plumbing permits
- Property tax records
- Meter installation records

On-site Basic/Visual Examination

- Resident survey, e.g. photos
- Utility staff, e.g. meter inspection
- Partners, e.g. plumbers and non-water utilities

Specific Water Analyses

- Flushed samples
- Targeted service line
- Sequential/profile samples

Excavation

- Mechanical
- Vacuum-excavation

SERVIC LINE CATEGORIES

- Lead
- Galvanized Requiring Replacement
- Non-lead
- Lead status unknown

Bipartisan Infrastructure Law and Lead

The Bipartisan Infrastructure Law provides $15 billion to invest in communities to replace lead service lines and connectors:

- DWSRF supplemental funding and base funding can also be used for LSL identification and replacement.
- Any project funded under this appropriation must replace the entire LSL, not just a portion, unless a portion has already been replaced.
- Also, funding can be used to replace goosenecks, pigtails and other leaded connectors

$15 billion **Drinking Water State Revolving Fund**

Cybersecurity in Sanitary Surveys

EPA issued interpretive rule

- Primacy agencies must evaluate adequacy of cybersecurity for any PWS using operational technology (e.g. Industrial Control System) on any required component of the sanitary survey.

- Primacy agencies must use its authority to require a PWS to address cyber-related significant deficiencies.

- 8th Circuit Court granted stay of EPA's memo directing states to evaluate PWS cybersecurity in sanitary surveys.

Cybersecurity in Sanitary Surveys

EPA is providing

- Training for states and PWSs on how to assess cybersecurity
- PWS cybersecurity assessments
  - https://www.epa.gov/waterresilience/forms/epas-water-sector-cybersecurity-evaluation-program
- Cyber Security Technical Assistance – "ask an expert"
  - https://www.epa.gov/waterriskassessment/forms/cybersecurity-technical-assistancewater-utilities

EPA United States Environmental Protection Agency

Updates from the Public Service Commission

Kent Chandler, Chairman
Kentucky Public Service Commission
Presentation: KRWA
August 2023

Any views expressed in this presentation are those of the presenter and do not reflect official positions of the PSC.

Inside the PSC

- Turnover on Commission since 2021
- Staffing
  - PSC has half the employees it had 20 years ago
  - Entered 35% more orders in 2022 than 2018
  - Received more than 85 ARF applications since 2020
  - Complete turnover in entire financial division's management over past year
  - Annual turnover for attorneys is between 20-35% annually the past few years
- Trying to work smarter and harder
  - Internal reviews of processes
  - Using technology

Other Personnel

- Need more employees
- Need to reduce turnover
- Need more emphasis on technical skills, wholesale issues, and smallest utilities
- Intending to introduce field assistance group for small utilities

Regulating Incentives

- Utilities in Kentucky are not competitive businesses, but instead have their rates and service regulated by the PSC
- Historically, there was a concern around the duplication of the same service, leading to the inefficient investment of capital
- Electric Utilities, for instance, were provided defined service territories: They have an obligation to serve everyone who demands service in that territory
- A state granted monopoly creates two primary problems: risk of poor service, and monopoly profits in excess of costs
- Solution: regulate the utility's rates and service

Regulating incentives, continued

- The rate regulation of monopoly utilities is a function of costs
  - Since society has concerns about the prices a monopoly would charge, including IOUs charging rates in excess of costs or publicly-owned utilities charging rates below costs, rates are created based on the costs incurred or expected to be incurred by a utility
- However, different entities have different incentives
  - For profit (Shareholder owned) v. Not for profit (Customer Owned)
    - For profit entities have a profit motive
    - Customer owned entities may have a motive to keeps costs low (too low), which can degrade service
      - Water Districts- depreciation
      - Distribution Cooperatives- Vegetation Management

Regulating incentives, continued

- In acknowledgement that different entity and governance structures have different incentives, the Commission has attempted to create processes to positively address those distinctions
  - Water Districts
    - Following investigation (Case No. 2019-00041), the PSC placed a greater emphasis on ensuring rural water districts have revenues sufficient to address aging systems, water loss and other problems that degrade service.
    - Began instituting defined, transparent surcharges to address water loss (more than 20 now)
  - R.E.C.C.s- Created pilot streamline process to incentivize periodic, incremental rate increases
    - Majority of costs originate with G&T or at wholesale level
    - Limited number of cost drivers- Depreciation, wages, vegetation management, etc.
    - Intended to increase frequency of rate increases, while reducing size of increases, in recognition that the utility doesn't have an incentive to increase the expenses
    - Cutting largest costs likely to drive down reliability, and further drive costs

Regulating Incentives, continued

- This only makes sense. These utilities are not investor-owned
- Investor-owned utilities make more profit the more they invest
  - This is assuming the cost of equity capital is constant
  - The PSC determines the cost of equity capital in rate cases, to ensure that the utility shareholders' rate of return on their equity investments are commiserate with the risk experienced by the investment
- Since IOUs earn a return on investment, if investments go up, so do profits.
  - Its this incentive to increase certain costs, capital costs, between rate changes, that is one of the primary differences between IOUs and RECCs

Looking Forward- Changes to regulations

- General Regulations
  - Looked to change in 2020- Most were put on ice
- Smaller Utilities
  - Alternative Rate Filing Process – 807 KAR 5:076
    - Streamlined process where primary evidence in case is Commission Staff report and last couple annual reports on file with the Commission
    - Limited to utilities with $5,000,000 or less in gross revenues
    - Given the length of time since updated, PSC looking to increase and index the cap

Adequate Rates

- Without adequate rates:
  - Service is degraded
  - Capital costs more
    - Which leads to higher rates in the long term
- What are adequate rates?
  - Businesses, generally, need to have sufficient income to cover expenses, cash and non-cash alike, including expected volatility of expenses, and a cushion for volatility in income
    - This might also include some level of working capital, in recognition of the timing differences in income and expenses

Adequate rates

- In the ratemaking context, the PSC determines adequate rates based on the level of expenses it believes is reasonable to provide the utility's service
  - This likely includes:
    - Wages and Salaries
    - Electricity costs
    - Chemical expense
  - But can also include
    - Debt service
    - Normalized expenses, like one-off pension costs
    - Depreciation

Depreciation Expense

- Compound Interest
  - 8th Wonder of the World
- Depreciation expense is the amount recognized to allow for a reduction in the value of tangible assets
- Depreciation, and its recovery, is an alternative to costly capital
  - Avoid interest!
  - Cost free capital to use to invest in system
  - Available as working capital
  - Can be used to alleviate implication of nonrecurring expenses
- And Water Districts are entitled to it!
  - *Public Service Commission of Kentucky v. Dewitt Water District*

Dewitt- Water Districts and Depreciation

- Decades ago, Water Districts fought for, and won, the right to recover depreciation expense in rates
  - In *Dewitt*, the Kentucky Supreme Court held that Water Districts are not only entitled to recover depreciation on property they invested in, but also contributed property
    - Contributed property is acquired through grant money or directly from customers
      - When property is "contributed," it means it didn't cost the utility anything
  - The Court in *Dewitt* went to lengths to discuss the importance of depreciation to a utility's health, and most especially, public water and sewer utilities

Dewitt- Water Districts and Depreciation

- "Depreciation is a concern to most enterprises, but it is of particular importance to water and sewer utilities because of the relatively large investment in utility plants required to produce each dollar of annual revenue. Water districts are capital intensive, asset-wasting enterprises. The structure of a water plant, comprised of innumerable components, demands allocation of proper depreciation to ensure financial stability. Adequate depreciation allowance is critical in order to allot to the district sufficient revenue to provide for a replacement fund for all its plant property, contributed or noncontributed."

Dewitt- Water Districts and Depreciation

- "The Commission's disallowance of depreciation expense is not sound utility management practice. The Commission has ignored one of its most important roles which is to provide the lowest possible cost to the rate payer. In refusing to recognize the total depreciation expense, it does not consider the obvious. If the districts do not have sufficient revenues to cover replacement costs, they will be forced to the short-term credit market for funding which will raise the overall cost to the district. The Commission conceded that higher rates were inevitable in the event the districts were forced into the short-term credit market."

Dewitt- Water Districts and Depreciation

- "Water lines are indivisible and not identifiable as to the source of funds used to purchase them. The elements causing depreciation indiscriminately take their toll over time on the service life of all plant facilities. The districts are responsible for making replacements and are obliged by statute to make provisions for future replacements. The purpose of depreciation expense as applied to nonprofit water districts does not relate to a recoupment of investment. The overriding statutory concept is renewal and replacement. . . The water district must eventually replace this plant which customers are using and the ratepayers are therefore obligated to provide funds for this replacement."

The "Cost" of Depreciation- Real Example 1/2

- Utility A's finances as of 2020- Lost more than $1.7M over 5 years

Year	2015	2016	2017	2018	2019
Net Income	$ (242,105)	$ (252,512)	$ (333,928)	$ (324,169)	$ (564,790)
Add: Depreciation Expense	515,727	518,171	505,181	508,832	518,192
Cash Basis Income	$ 273,622	$ 265,659	$ 171,253	$ 184,663	$ (46,598)
Year		2016	2017	2018	2019
Cash and Cash Equivalents		$ 590,246	$ 562,988	$ 521,117	$ 472,475
Restricted Cash		335,125	366,552	380,661	335,943
Sum: End-of-Year Balance		925,371	929,540	901,778	808,418
Net Increase (Decrease) in Cash		$ 95,272	$ 4,169	$ (27,762)	$ (93,360)

The "Cost" of Depreciation- Real Example 2/2

- In early 2023, Utility A files an application with the PSC for a loan and CPCN for a waterworks improvement project under KRS 278.023
  - PSC must approve the application in 30 days
  - Project was about $1.8M, with loan amount of $1.12M, remainder grant
  - Loan term was 40 years, at 2% interest- Utility A will pay >$500,000 in interest over 40 years
  - Had Utility A had adequate rates since '15 that broke even, and fully recovered depreciation expense, they could have paid for the entire waterworks improvement project with depreciation, which has no interest, and used the $700k+ in grant money for a different project
  - Utility A cost customers in the long-run more, because they didn't want to raise rates in the short term
  - Also limited Utility A's borrowing authority

Depreciation

- Water Districts are legally entitled to it for all property
- It should be used to forego more expensive types of capital
- Recovering it, and wisely using it, is better for customers in the long run
- It can also be used as working capital, or to supplement shortfalls elsewhere, in the short term
- Utilities don't recover the depreciation on new investments until rates are reset
- Cases under KRS 278.023 may not allow full recovery of depreciation
  - Consider periodic rate reviews, and ARFs with the Commission

Suggestions

- Have processes in place
  - Written expectations in re. personnel
  - Timely review and respond to PSC Orders
  - Have an attorney and accountant that you can ask questions of
  - Depend on professionals' expertise
    - Don't ask accountants to be engineers
    - Or engineers to be lawyers
    - Or lawyers to be accountants
  - Actively discuss the best outcomes for customers in the long run
    - This is not about us- it is about customers
    - Consider smaller, less frequent rate cases, merger/consolidation, compensation policies for attracting and retaining qualified employees, etc.
  - Take advantage of training
- When in doubt, contact KRWA- or call the PSC

Water and Wastewater Project Finance
Kentucky Infrastructure Authority

Kentucky Rural Water Association

August 30, 2023

Sandy Williams
Executive Director

Project Funding Types

LOANS

- Fund A – Clean Water State Revolving Fund (Sewer)
- Fund F – Drinking Water State Revolving Fund (Water)
- Fund B – Infrastructure Revolving Fund
- Fund C – Governmental Agencies Fund

GRANTS

- Cleaner Water Program
  - County Allocation (R1 / R2)
  - Consent Decree (R1)
  - Drinking Water (R1)
  - Supplemental (R1 / R2)

Cleaner Water Program Grants

Water Resource Information System

TEAM KENTUCKY

Kentucky Infrastructure Authority
Office of the Governor

CWP Funding Commitments

Cleaner Water Program	Funds Committed
• County Allocation (R1)	$150,000,000
• Consent Decree (R1)	$20,000,000
• Drinking Water (R1)	$30,000,000
• County Allocation (R2)	$249,925,000
• Supplemental Available (R1 / R2) ~$45M	10% of Original Project Grant Award

Water Resource Information System

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Kentucky Infrastructure Authority
Office of the Governor

CWP Reminders

- Grant Funds have to be obligated by December 31, 2024
- Grant Funds have to be spent by December 31, 2026

- Funding is provided on a reimbursement basis

- 10% Supplemental Funding is Available

State Revolving Fund Loans

Water Resource Information System

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Kentucky Infrastructure Authority
Office of the Governor

What are the SRFs?

- The Clean Water State Revolving Fund (CWSRF) is a loan program that provides funding and financing to wastewater and storm water systems for a wide range of infrastructure projects.

- The Drinking Water State Revolving Fund (DWSRF) is a loan program that provides funding and financing to public water systems for wide range of drinking water infrastructure projects and activities.

SRF Funding Amount Estimates for 2024 / 2025

Program	Estimated Funds
• Fund A – CWSRF Base	$50,700,000
• Fund A – CWSRF Supplemental	$27,400,000
• Fund A – CWSRF Emerging Contaminants	$2,500,000
• Fund F – DWSRF Base	$14,300,000
• Fund F – DWSRF Supplemental	$20,200,000
• Fund F – Emerging Contaminants	$6,400,000
• Fund F – Lead Service Line Replacement	$19,700,000

Water Resource Information System

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Office of the Governor

BIL Implementation Key Priorities

- Provide Flexibility to Meet Local Water Needs
- Increase Investment in Disadvantaged Communities
- Make Rapid Progress on Lead Service Line Replacement
- Address PFAS and Emerging Contaminants
- Support Resilience and One Water Innovation
- Support American Workers and Renew the Water Workforce
- Cultivate Domestic Manufacturing
- Fully Enforce Civil Rights
- Refine State SRFs to Build the Pipeline of Projects

Water Resource Information System

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Eligible Borrowers

- Governmental Agencies
  - City
  - County
  - Water and Sewer/Sanitation District
  - Water Association
  - Water Commission

- For the CWSRF or DWSRF Programs, the project **MUST BE** listed on the SRF Priority List

What Type of Projects Can Be Funded by the CWSRF?

- Construction of publicly owned treatment works
- Nonpoint source projects
- National estuary program projects
- Decentralized wastewater treatment systems (i.e., septic systems and tanks)
- Stormwater projects (gray and green infrastructure)
- Water conservation and efficiency
- Watershed pilot projects
- Energy efficiency projects
- Water reuse projects
- Security measures at POTWs
- Planning
- Technical assistance
- Emerging Contaminants

CWSRF - NEW - Emerging Contaminants Funds

- Eligible: CWSRF-eligible projects that address substances and microorganisms, including manufactured or naturally occurring physical, chemical, biological, radiological, or nuclear materials, which are known or anticipated in the environment, that may pose newly identified or re-emerging risks to human health, aquatic life, or the environment.

- Not Eligible: Projects that address contaminants with water quality criteria established by EPA under CWA section 304(a), except for PFAS.

What Type of Projects Can Be Funded by the DWSRF?

- Drinking water treatment projects
- Drinking water transmission and distribution projects
- Drinking water source projects
- Storage projects
- Emerging Contaminants
- Consolidation of water systems
- Creation of new systems
- Security measures
- Planning and design projects
- Technical Assistance
- Lead Service Line Replacement

DWSRF – NEW - Emerging Contaminants Funds

- Eligible: DWSRF-eligible projects for which the primary purpose is to address PFAS or contaminants on any of EPA's Contaminant Candidate Lists (CCL).

- Not Eligible: Projects for which the primary purpose is to address contaminant(s) with a National Primary Drinking Water Regulation (with PFAS exception).

DWSRF – NEW – Lead Service Line Replacement

- Eligible
  - lead service line inventories
  - removal and replacement of lead service lines, galvanized service lines (currently or previously downstream of lead components), lead goosenecks, pigtails, and connectors
  - planning and design for those infrastructure projects.
- Any project involving the replacement of a lead service line must replace the entire lead service line, not just a portion, unless a portion has already been replaced.

Increasing Investment in Disadvantaged Communities

- Use of Additional Subsidy (forgiveness of principal or grants)
  - 49% must go to disadvantaged communities/address affordability (DWSRF + CWSRF Supplemental, DWSRF Lead Service Line Funding)
  - At least 25% must go to disadvantaged communities or public water systems serving less than 25,000 people (DWSRF Emerging Contaminants)
- Disadvantaged Community Definition and Affordability Criteria
  - Service Area MHI less than the State MHI
  - Project Area MHI less than the State MHI
  - Affordability Index greater than 1.0

Current SRF Interest Rates

- Fund A (CWSRF) and Fund F (DWSRF)
  - Standard rate - 2.25%
  - Non-standard (a) rate - 1.25%
  - Non-standard (b) rate - 0.50%

Terms/Fees

- Standard term is 20 years
- 30 year terms available for disadvantaged communities
- Fund A - 0.25% admin fee
- Fund F - 0.30% admin fee
- 5% annual reserve funded over 20 years

Getting Started

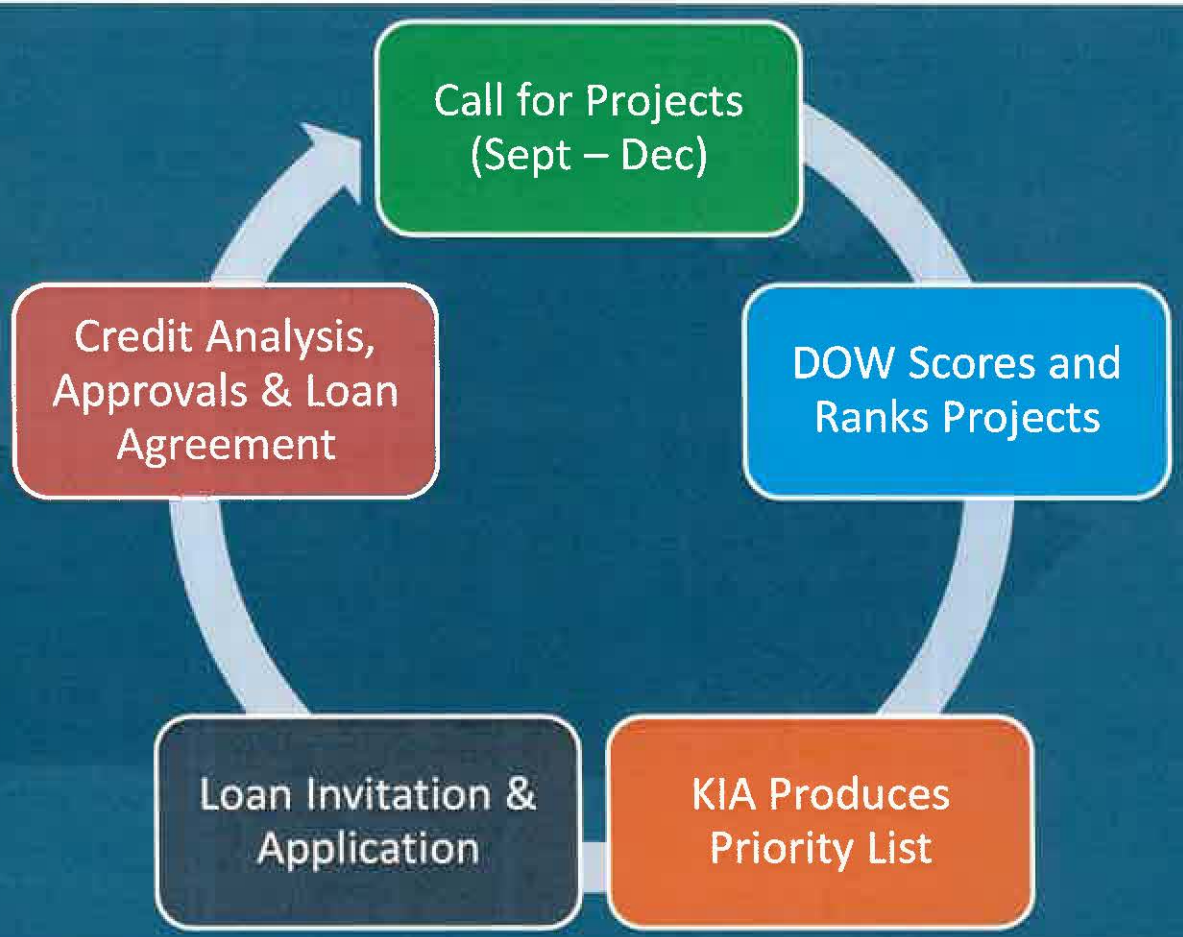
- Contact Water Management Coordinator
- Pre-Application Form
  - Budget
  - Project schedule
  - Funding sources
  - Mapping
  - Detailed project info
- WRIS Project Profile

Water Resource Information System

TEAM KENTUCKY

Kentucky Infrastructure Authority
Office of the Governor

How Do I Apply for SRF Funding?



Water Resource Information System

TEAM KENTUCKY

Kentucky Infrastructure Authority
Office of the Governor

Questions

Water Resource Information System

TEAM KENTUCKY

Kentucky Information Technology Authority
Office of the Governor

EXHIBIT 3

EXHIBIT 3

WATER COMMISSIONERS ATTENDING TRAINING
AUGUST 29-30, 2023
GALT HOUSE HOTEL
LOUISVILLE, KENTUCKY

Name	Water District	Hours Attended
Jeff Powell	Allen Co. Water District	6
Cheryl Spicer-Campbell	Breathitt Co. Water District	6
Bobby Thorpe	Breathitt Co. Water District	6
David Ingram	Breathitt Co. Water District	6
Stanley Conn	Daviess Co. Water District	6
Christina O'Bryan	Daviess Co. Water District	3
Harry Fiefhaus	East Clark Co. Water District	6
Ted Marcum	East Clark Co. Water District	6
Rhonda Morphew	East Clark Co. Water District	6
Kenny Segress	East Clark Co. Water District	6
Craig Vaughn	East Clark Co. Water District	6
Dennis Minton	East Laurel Water District	4.75
Harris Dockins	East Logan Water District	6
Jack Stickney	Estill Co. Water District #1	6
Nancy Cain	Grayson Co. Water District	6
Keith Brooks	Grayson Co. Water District	3
Mike Kipper	Grayson Co. Water District	6
John John Bunnell	Green River Valley Water District	6
Leland Glass	Green River Valley Water District	6
Adrian Gossett	Green River Valley Water District	6
David Moore	Laurel Co. Water District #2	6
Kenneth Finley	Laurel Co. Water District #2	6
Cody Rakes	Marion Co. Water District	3
David Tincher	Nicholas Co. Water District	2
Phillip McDonald	Nicholas Co. Water District	2
Silas Cleaver	Nicholas Co. Water District	2
Ollie Neat	South Anderson Water District	6

EXHIBIT 4

EXHIBIT 4

WRITTEN MATERIALS GIVEN TO PROGRAM ATTENDEES NOT INCLUDED IN APPLICATION

There were no written materials given to program attendees not included in the Application.