

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC APPLICATION FOR)	
A DECLARATORY ORDER OF)	CASE NO.
MORGAN COUNTY WATER DISTRICT)	2025-00006

**RESPONSES TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
MORGAN COUNTY WATER DISTRICT DATED JANUARY 28, 2025**

Filed: February 3, 2025

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC APPLICATION FOR)	
A DECLARATORY ORDER OF)	CASE NO.
MORGAN COUNTY WATER DISTRICT)	20025-00006

VERIFICATION OF ANDY LEGG


COMMONWEALTH OF KENTUCKY)
)
COUNTY OF MORGAN)

Andy Legg, General Manager of Morgan County Water District, being duly sworn, states that he has supervised the preparation of the responses to Commission’s Staff’s First Request for Information in the above-styled case, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Andy Legg

The foregoing Verification was signed, acknowledged and sworn to before me this 3rd day of February, 2025, by Andy Legg.



Commission expiration: 3-19-26
KYNP 43629



MORGAN COUNTY WATER DISTRICT
PSC CASE NO. 2025-00006
RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 01/28/25

REQUEST 1

RESPONSIBLE PARTY: Andy Legg

Request 1. Refer to the Verified Application, page 2, in which it states that all service support fees, and security fees associated with the agreement, with Payment Network Service, Inc. (PNS) will be waived for the contract term of five years and the successive three-year renewal terms. Explain whether there could be any circumstances in which the waiver of such fees could be revoked.

Response 1. Morgan District is unaware of any circumstance where the waiver of fees could be revoked.

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REQUEST 2

RESPONSIBLE PARTY: Andy Legg

Request 2. Refer to the Verified Application, page 3, in which it states that Morgan District will continue to accept payments at its offices for customers who want to avoid the transaction fees associated with the agreement with PSN. Explain all payment options that will be available to customers that prefer to avoid the transaction fees associated with the agreement with PSN.

Response 2. Mogan District offers the following types of payments:

- Payment by cash in the office;
- Payment by check in the office or by mail.

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REQUEST 3

RESPONSIBLE PARTY: Andy Legg

Request 3. Refer to PSN Service Agreement, page 2 of 15, in which it states "PSN shall endeavor to deliver Customer payments to the Biller Bank Account within three (3) banking days of payment, however, Biller acknowledges that it may take up to five (5) banking days to complete such deposits due to bank notification times and different deposit frequencies from the credit card processors to PSN." Explain whether PSN solely acts as a facilitator between credit card processors and Morgan District. If not, explain how PSN processes and delivers customer payments to Morgan District.

Response 3. PSN will act as the facilitator for credit cards, ACH, Venmo and PayPal payments. PSN will be integrated with Morgan District's CIS system, Ampstun to apply the credit to the customer accounts immediately. Morgan District will know immediately when a customer has made payment through one of these avenues so that late fees or disconnects will not be applied. Morgan District will designate the Morgan District bank account for these amounts to be deposited by PSN. However, the deposit of the money into Morgan District's bank account could take up to three to five banking days.

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REQUEST 4

RESPONSIBLE PARTY: Andy Legg

Request 4. Refer to the PSN Service Agreement, page 2 of 15, in which it states that PSN may assess and/pr collect from Morgan District taxes, levies, or duties imposed by taxing authorities. List any taxes, levies, or duties imposed by taxing authorities that Morgan District may be obligated to pay in association with the Service Agreement.

Response 4. Morgan District is tax exempt so there should be no taxes, levies or duties imposed by taxing authorities that Morgan District would be obligated to pay.

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REQUEST 5

RESPONSIBLE PARTY: Andy Legg

Request 5. Refer to the PSN Service Agreement, page 5 of 15, in which it states that if more than One Million Dollars (\$1,000,000) in VISA transactions and/or One Million Dollars (\$1,000,000) in Mastercard transactions is processed on behalf of Morgan District, Morgan District will be deemed to have accepted, and will be bound by, the Merchant Services Agreement for Sub-Merchants with Vanity, LLC.

- a. Provide a copy of the Merchant Services Agreement for Sub-Merchants.
- b. Explain whether Morgan District will incur any financial obligations associated with the Merchant Services Agreement for Sub-Merchants should Morgan District become subject to such agreement.

Response 5a. Please see attached.

Response 5b. Morgan District will not incur any financial obligations associated with the Merchant Services Agreement for Sub-Merchants should Morgan District become subject to such agreement.

MERCHANT SERVICES AGREEMENT FOR SUB-MERCHANTS

This MERCHANT SERVICES AGREEMENT FOR SUB-MERCHANTS ("Agreement") is made among VANTIV, LLC, having its principal office at 8500 Governors Hill Drive, Symmes Township, OH 45249-1384 and its designated Member Bank (collectively "Acquirer") and _____ ("Sub-merchant") in connection with the agreement between Sub-merchant and Payment Service Network, Inc. ("Provider"). Acquirer will provide Sub-merchant with certain payment processing services ("Services") in accordance with the terms of this Agreement. In consideration of Sub-merchant's receipt of credit or debit card funded payments, and participation in programs affiliated with MasterCard International Inc. ("MasterCard"), VISA U.S.A. Inc. ("VISA"), Discover ("Discover"), and certain similar entities (collectively, "Associations"), Sub-merchant is required to comply with the Operating Regulations (defined below) as they pertain to applicable credit and debit card payments. In addition, if Sub-merchant meets certain requirements under the Operating Regulations or an Association or the Operating Regulations otherwise require, Sub-merchant may be required to enter into a direct relationship with an entity that is a member of the Associations. By executing this Agreement, Sub-merchant has fulfilled such requirement. However, Acquirer understands that Sub-merchant may have contracted with Provider to obtain certain processing services and that Provider may have agreed to be responsible to Sub-merchant for all or part of Sub-merchant's obligations contained herein.

NOW, THEREFORE, in consideration of the foregoing recitals and of the mutual promises contained herein, the parties agree as follows:

1. **Certain Sub-merchant Responsibilities.** Sub-merchant agrees to comply, and to cause third parties acting as Sub-merchant's agent ("Agents") to comply, with the Association's and other payment network's by-laws, operating regulations and/or all other rules, policies and procedures, including but not limited to the Payment Card Industry Data Security Standard, the VISA Cardholder Information Security Program, the MasterCard Site Data Protection Program, and any other program or requirement that may be published and/or mandated by the Associations or payment networks (collectively "Operating Regulations"). Sub-merchant may review the VISA, MasterCard, and Discover websites for a copy of the Visa, MasterCard and Discover regulations. The websites are: <http://usa.visa.com/merchants/> and <http://www.mastercard.com/us/merchant/> and <http://www.discovernetwork.com/merchants/>. Sub-merchant also agrees to comply with all applicable state, federal, and local laws, rules, and regulations ("Laws"). Without limiting the foregoing, Sub-merchant agrees that it will fully comply with any and all anti-money laundering laws and regulations, including but not limited to the Bank Secrecy Act, the US Treasury's Office of Foreign Assets Control (OFAC) and USA Patriot Act (or similar law, rule or regulation) and the Federal Trade Commission. For purposes of this section, Agents include, but are not limited to, Sub-merchant's software providers and/or equipment providers.

If appropriately indicated in Sub-merchant's agreement with Provider, Sub-merchant may be a limited-acceptance merchant, which means that Sub-merchant has elected to accept only certain Visa and MasterCard card types (i.e., consumer credit, consumer debit, and commercial cards) and must display appropriate signage to indicate the same. Acquirer has no obligation other than those expressly provided under the Operating Regulations and applicable law as they may relate to limited acceptance. Sub-merchant, and not Acquirer, will be solely responsible for the implementation of its decision for limited acceptance, including but not limited to policing the card type(s) accepted at the point of sale.

Sub-merchant shall only complete sales transactions produced as the direct result of bona fide sales made by Sub-merchant to cardholders, and is expressly prohibited from processing, factoring, laundering, offering, and/or presenting sales transactions which are produced as a result of sales made by any person or entity other than Sub-merchant, or for purposes related to financing terrorist activities.

Sub-merchant may set a minimum transaction amount to accept a card that provides access to a credit account, under the following conditions: i) the minimum transaction amount does not differentiate between card issuers; ii) the minimum transaction amount does not differentiate between MasterCard, Visa, or any other acceptance brand; and iii) the minimum transaction amount does not exceed ten dollars (or any higher amount established by the Federal Reserve). Sub-merchant may set a maximum transaction amount to accept a card that provides access to a credit account, under the following conditions: Sub-merchant is a i) department, agency or instrumentality of the U.S. government; ii) corporation owned or controlled by the U.S. government; or iii) Sub-merchant whose primary business is reflected by one of the following MCCs: 8220, 8244, 8249 –Schools, Trade or Vocational; and the maximum transaction amount does not differentiate between MasterCard, Visa, or any other acceptance brand.

2. **Sub-merchant Prohibitions.** Sub-merchant must not i) require a cardholder to complete a postcard or similar device that includes the cardholder's account number, card expiration date, signature, or any other card account data in plain view when mailed, ii) add any tax to transactions, unless applicable law expressly requires that a Sub-merchant impose a tax (any tax amount, if allowed, must be included in the transaction amount and not collected separately), iii) request or use an account number for any purpose other than as payment for its goods or services, iv) disburse funds in the form of travelers checks if the sole purpose is to allow the cardholder to make a cash purchase of goods or services from Sub-merchant, v) disburse funds in the form of cash unless Sub-merchant is dispensing funds in the form of travelers checks, TravelMoney cards, or foreign currency (in such case, the transaction amount is limited to the value of the travelers checks, TravelMoney cards, or foreign currency, plus any commission or fee charged by the Sub-merchant), or Sub-merchant is participating in a cash back service, vi) submit any transaction receipt for a transaction that was previously charged back to the Acquirer and subsequently returned to Sub-merchant, irrespective of cardholder approval, vii) accept a Visa consumer credit card or commercial Visa product issued by a U.S. issuer to collect or refinance an existing debt, viii) accept a card to collect or refinance an existing debt that has been deemed uncollectable, or ix) submit a transaction that represents collection of a dishonored check. Sub-merchant further agrees that, under no circumstance, will Sub-merchant store cardholder data in violation of the Laws or the Operating Regulations including but not limited to the storage of track-2 data. Neither Sub-merchant nor its Agent shall retain or store magnetic-stripe data subsequent to the authorization of a sales transaction.

3. **Settlement.** Upon receipt of Sub-merchant's sales data for card transactions, Acquirer will process Sub-merchant's sales data to facilitate the funds transfer between the various Associations and Sub-merchant. After Acquirer receives credit for such sales data, subject to the terms set forth herein, Acquirer will fund Sub-merchant, either directly to the Sub-merchant-Owned Designated Account or through Provider to an account designated by Provider ("Provider Designated Account"), at Acquirer's discretion, for such card transactions. Sub-merchant agrees that the deposit of funds to the Provider Designated Account shall discharge Acquirer of its settlement obligation to Sub-merchant, and that any dispute regarding the receipt or amount of settlement shall be between Provider and Sub-merchant. Acquirer will debit the Provider Designated Account for funds owed to Acquirer as a result of the Services provided hereunder, provided that Acquirer may also debit Sub-merchant's designated demand deposit account ("Sub-merchant-Owned Designated Account") upon receipt of such account information from Sub-merchant or Provider, or if Acquirer deposits settlement funds into the Sub-merchant-Owned Designated Account. Further, if a cardholder disputes a transaction, if a transaction is charged back for any reason, or if Acquirer reasonably believes a transaction is unauthorized or otherwise unacceptable, the amount of such transaction may be charged back and debited from Sub-merchant or Provider.

4. **Term and Termination.** This Agreement shall be binding upon Sub-merchant upon Sub-merchant's execution. The term of this Agreement shall begin, and the terms of the Agreement shall be deemed accepted and binding upon Acquirer, on the date Acquirer accepts this Agreement by issuing a merchant identification number, and shall be coterminous with Provider's agreement with Sub-merchant.

Notwithstanding the foregoing, Acquirer may immediately cease providing Services and/or terminate this Agreement without notice if (i) Sub-merchant or Provider fails to pay any amount to Acquirer when due, (ii) in Acquirer's opinion, provision of a service to Sub-merchant or Provider may be a violation of the Operating Regulations or any Laws, (iii) Acquirer believes that Sub-merchant has violated or is likely to violate the Operating Regulations or the Laws, (iv) Acquire determines Sub-merchant poses a financial or regulatory risk to Acquirer or an Association, (v) Acquirer's agreement with Provider terminates, (vi) any Association deregisters Provider, (vii) Acquirer ceases to be a member of the Associations or fails to have the required licenses, or (viii) Acquirer is required to do so by any of the Associations.

5. **Limits of Liability.** Sub-merchant agrees to provide Acquirer, via a communication with Provider, with written notice of any alleged breach by Acquirer of this Agreement, which notice will specifically detail such alleged breach, within thirty (30) days of the date on which the alleged breach first occurred. Failure to so provide notice shall be deemed an acceptance by Sub-merchant and a waiver of any and all rights to dispute such breach.

EXCEPT FOR THOSE EXPRESS WARRANTIES MADE IN THIS AGREEMENT, ACQUIRER DISCLAIMS ALL WARRANTIES, INCLUDING, WITHOUT LIMITATION, ANY EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Sub-merchant's sole and exclusive remedy for any and all claims against Acquirer arising out of or in any way related to the transactions contemplated herein shall be termination of this Agreement. In the event that Sub-merchant has any claim arising in connection with the Services, rights, and/or obligations defined in this Agreement, Sub-merchant shall proceed against Provider and not against Acquirer, unless otherwise specifically set forth in the Operating Regulations. In no event shall Acquirer have any liability to Sub-merchant with respect to this Agreement or the Services. Sub-merchant acknowledges Acquirer is only providing this Agreement to assist in Provider's processing relationship with Sub-merchant, that Acquirer is not liable for any action or failure to act by Provider, and that Acquirer shall have no liability whatsoever in connection with any products or services provided to Sub-merchant by Provider. If Provider is unable to provide its services to Sub-merchant in connection with this Agreement and Acquirer elects to provide those services directly, Sub-merchant acknowledges and agrees that the provisions of this Agreement will no longer apply and the terms of Acquirer's then current Bank Card Merchant Agreement, which would be provided to Sub-merchant, will govern Acquirer's relationship with Sub-merchant. If Provider subsequently provides its services to Sub-merchant in connection with this Agreement, Acquirer will cease to provide such services after receipt of notice from Provider and this Agreement will govern Acquirer's relationship with Sub-merchant.

6. **Miscellaneous.** This Agreement is entered into, governed by, and construed pursuant to the laws of the State of Ohio without regard to conflicts of law provisions. This Agreement may not be assigned by Sub-merchant without the prior written consent of Acquirer. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, transferees and assignees. This Agreement is for the benefit of, and may be enforced only by, Acquirer and Sub-merchant and is not for the benefit of, and may not be enforced by, any other party. Acquirer may amend this Agreement upon notice to Sub-merchant in accordance with Acquirer's standard operating procedure. If any provision of this Agreement is determined to be illegal or invalid, such illegality or invalidity of that provision will not affect any of the remaining provisions and this Agreement will be construed as if such provision is not contained in the Agreement "Member Bank" as used in this Agreement shall mean a member of VISA, MasterCard and/or Discover, as applicable, that provides sponsorship services in connection with this Agreement. As of the commencement of this Agreement, Member Bank shall be Fifth Third Bank, an Ohio Banking Corporation, located in Cincinnati, OH 45263. The Member Bank is a party to this Agreement. The Member Bank may be changed, and its rights and obligations assigned to another party by Acquirer at any time without notice to Sub-merchant.

IN WITNESS WHEREOF, this Agreement has been executed by Sub-merchant's authorized officer as of the date set forth below.

SUB-MERCHANT: _____
Signature: _____
Name: _____
Title: _____
Date: _____
Address: _____

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REQUEST 6

RESPONSIBLE PARTY: Andy Legg

Request 6. Refer to Morgan District's current tariff on file with the Commission, P.S.C. KY. NO. 3, 2nd Revised Sheet No. 8, which contains Morgan District's Credit Card/Debit Card Policy and ACH-Bank Draft/Automatic Withdraw Policy.

 a. Explain whether Morgan District will revise its Credit/Debit Card and ACH-Bank Draft/Automatic Withdraw Policies contained in the tariff once it enters into the PSN Service Agreement.

 b. Explain whether customers will still be able to pay by ACH-Bank Draft/Automatic Withdraw without incurring any transaction fees once Morgan District enters into the PNC Service Agreement.

Response 6a. Yes. Morgan District plans to revise its tariff once it enters into the PSN Service Agreement.

Response 6b. No. Customers will be a charge of \$0.95 monthly for an ACH-Bank Draft/Automatic Withdraw Policies.

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REQUEST 7

RESPONSIBLE PARTY: Andy Legg

Request 7. Refer to Exhibit A, Pricing Proposal for Morgan District at 2, which states in part “a \$15 fee is charged to you for any disputed credit/debit card.” Explain whether this fee will be charged to the customer or to Morgan District.

Response 7. This fee would be charged to the customer.

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REQUEST 8

RESPONSIBLE PARTY: Andy Legg

Request 8. Refer to Exhibit A, Pricing Proposal for Morgan District at 2, which lists the Transaction Fees Paid by Customers. Explain why the automated IVR option requires a higher transaction fee than the automated Online "Mobile" Virtual option.

Response 8. IVR is an automated call system that you can pay any time. This is something that can be disabled if Morgan District chooses.