

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
KENTUCKY RURAL WATER)	
ASSOCIATION FOR ACCREDITATION)	CASE NO. 2025-00242
APPROVAL OF COMMISSIONER)	
TRAINING AND CONTINUING)	
EDUCATION CREDIT)	

APPLICATION

Kentucky Rural Water Association (“KRWA” or the “Applicant”) applies for an Order from the Public Service Commission accrediting and approving a proposed water district commissioner training program for continuing education credit pursuant to KRS 74.020(6) and (7) and 807 KAR 5:070.

In support of its application, KRWA states:

1. KRWA is a non-profit corporation incorporated in the Commonwealth of Kentucky pursuant to KRS Chapter 273 on March 19, 1979 and is currently in good standing.
2. KRWA’s mailing address is: 1151 Old Porter Pike, Bowling Green, Kentucky 42103. Its email address is: j.cole@krwa.org.
3. KRWA was organized to foster professionalism in the water and wastewater industry through non-regulatory training, technical assistance programs, and advocacy. Its membership consists of water districts, water associations, municipalities

with populations of 10,000 persons or less, and other similar entities that provide water and wastewater utility services to rural Kentucky.

4. Pursuant to 807 KAR 5:001, Section 4(8),¹ copies of all orders, pleadings, and other communications related to this proceeding should be directed to:

Damon Talley
Stoll Keenon Ogden PLLC
112 North Lincoln Boulevard
PO Box 150
Hodgenville, Kentucky 42748
Telephone: (270) 358-3187
Fax: (270) 358-9560
damon.talley@skofirm.com

Janet Cole
Kentucky Rural Water Association
1151 Old Porter Pike
Bowling Green, KY 42103
(270) 843-2291
Fax: (270) 796-8623
j.cole@krwa.org

5. KRWA proposes to sponsor and conduct a water management training program on August 18, 2025 as part of our 46th Annual Conference at the Kentucky International Convention Center in Louisville, Kentucky. The program is entitled “Water Commissioner Training.” A copy of the proposed agenda is attached to this Application at **Exhibit 1**. This program will be conducted in-person. The presenters, KRWA representatives, and all attendees will abide by safety protocols and social distancing measures in place at the time of the training.

¹ On July 10, 2025, KRWA gave notice pursuant to 807 KAR 5:001, Section 8, of its intent to file this application and of its use of electronic filing procedures.

6. As reflected in **Exhibit 1**, the proposed training program will include presentations on the following topics:

a. **Recent Developments in Utility Regulation.** A review of recent developments in public utility law and regulation, filing procedures, compliance with orders, maintaining accurate meeting minutes, a review of notable PSC cases, borrowing money, and pending cases of interest to utilities and other hot legal topics;

b. **Basic Procedural Law for Governmental Water Utilities.** Highlights requirements in place for utilities when making purchases, including bidding statute, and procurement issues with state and federally funded projects;

c. **Things to Do in Anticipation of Filing a Rate Case.** Discusses some of the differences between General and Alternative Rate Filings, explores the role of the Rate Consultant, provides practical steps to take prior to filing a Rate Case, and provides some advice in the event a rate proceeding does not go as planned;

d. **Recovery from Financial Devastation.** Illustrates lessons all utilities can learn when faced with unprecedented disasters, including not only physical damage, but tough financial decisions required to regain economic stability;

e. **What to Expect During a PSC Inspection.** Focuses on PSC-regulated utilities by providing strategies to improve inspection outcomes. This includes an overview of the inspection process and common issues that may be identified during an inspection.

7. The proposed training program consists of six hours of instruction and should be accredited and approved as water management training satisfying the requirements set forth in KRS 74.020(7) to establish a water district commissioner's eligibility for a maximum annual salary of \$6,000. **KRWA is not requesting that the proposed training program be accredited as a program of instruction for newly appointed commissioners.**

8. A biographical statement containing the name and relevant qualifications and credentials for each presenter is attached at **Exhibit 2** of this application.

9. The PowerPoints for these presentations are attached at **Exhibit 3**. A copy of these presentations will be provided to each attendee. Should a presenter revise or amend his or her presentation prior to their scheduled session or provide additional written materials for the attendees, KRWA will include a copy of the revised presentation with its sworn statement and report regarding the instruction.

10. KRWA will apply or will shortly apply for accreditation of the proposed training program to the Department of Environmental Protection (Kentucky Operator Certification Program).

11. KRWA has sent notice of the proposed training program by electronic mail to the water districts, water associations, and municipal utilities that are under Commission jurisdiction as well as representatives of investor-owned utilities, county judge/executives, county attorneys and others who are believed to have an interest in the proposed program's subject matter.

12. KRWA will retain a record of all water district commissioners attending the proposed training program.

13. Within the Ordered number of days of the proposed training program's completion, KRWA will file with the Public Service Commission a sworn statement:

- a. Attesting that the accredited instruction was performed;
- b. Describing any changes in the presenters or the proposed program curriculum that occurred after certification; and,
- c. Containing the name of each attending commissioner, their utility and the number of hours that he or she attended.

14. KRWA will include with the sworn statement documentary evidence of the program's certification by certifying authorities and a copy of any written material given to the attendees that has not been previously provided to the Public Service Commission.

15. KRWA will admit representatives of the Public Service Commission to the proposed training program at no charge to permit such representatives to assess the quality of the program's instruction, monitor the program's compliance with the Public Service Commission directives, regulations, or other requirements, or perform any other supervisory functions that the Public Service Commission deems necessary.

WHEREFORE, KRWA requests that the Commission approve and accredit the proposed training program entitled “Water Commissioner Training” for six hours of water district management training.

Dated: July 14, 2025

Respectfully submitted,



Damon R. Talley
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damon.talley@skofirm.com

Counsel for Kentucky Rural Water
Association and Stoll Keenon Ogden
PLLC

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that this document was submitted electronically to the Public Service Commission on July 21, 2023, and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding.


Damon R. Talley

EXHIBIT 1

WATER COMMISSIONER TRAINING

Kentucky International Convention Center

221 South Fourth Street

Louisville, Kentucky

Presented by

Kentucky Rural Water Association

Monday, August 18, 2025

AGENDA

Morning Sessions

7:55 – 8:00 **Welcome and Program Overview**
Jason Pennell, Kentucky Rural Water Association

8:00 – 9:30 **Recent Developments in Utility Regulation**
Damon Talley, Stoll Keenon Ogden PLLC

This presentation reviews recent developments in public utility law and regulation. Topics include proper procedures for PSC filings, the importance of compliance with PSC orders, and the maintenance of accurate meeting minutes. The presentation will also cover notable PSC cases, steps to follow when borrowing money, and significant bills passed during the 2024 General Assembly. Presenter will conclude with an overview of pending cases of interest.

9:30 – 9:45 **Break**

9:45 – 11:15 **Basic Procedural Law for Governmental Water Utilities**
Gerald Wuetcher, Stoll Keenon Ogden PLLC

Utilities governed by the PSC have rules they must follow when purchasing goods and services. This session will cover the requirements utilities have to comply with when making purchases. Topics covered in this presentation will include the bidding statute, including a discussion of professional services and the requirements for professional services versus other utility purchases. Other topics will include cooperative purchasing, statutory preferences, and procurement issues with state and federally funded projects.

Afternoon Sessions

12:30 – 1:30 **Things to Do in Anticipation of Filing a Rate Case**
Tina Fredrick, Stoll Keenon Ogden PLLC

This presentation discusses some of the differences between General and Alternative Rate Filings, explores the role of the Rate Consultant, provides practical steps to take prior to filing a Rate Case, and provides some advice in the event a rate proceeding does not go as planned. Presenter will provide awareness of common mistakes made by utilities during rate proceedings so as to avoid such problems when filing a case.

1:30 – 1:40 **Break**

1:40 – 2:40

Recovery from Financial Devastation

Bob Miller, StraightLine Kentucky, LLC

Hurricane Katrina caused unprecedented devastation to the City of New Orleans, and while the physical destruction and emergency response dominated national headlines, the financial aftermath was equally severe. Behind the scenes, the city faced a cascade of economic challenges: cash flow disruptions, FEMA reimbursement delays, plummeting liquidity, and a bond rating downgrade to junk status. The city was on the brink of financial collapse. This session will explore the critical steps New Orleans took to regain its financial footing and the difficult decisions made along the way. Presenter will highlight valuable lessons that all water and wastewater utilities can apply when navigating financial crises.

2:40 – 2:50

Break

2:50 – 3:50

What to Expect During a PSC Inspection

Jason Pennell, Kentucky Rural Water Association

This session will focus on PSC inspections of regulated utilities and strategies for improving inspection outcomes. The presenter will identify which utilities are inspected by the Division of Inspections and provide an overview of the inspection process. Additionally, the session will emphasize excessive water loss, a primary focus for the PSC during inspections and a common issue for utilities to ensure accurate reporting.

EXHIBIT 2



Damon Talley, Of Counsel
Stoll Keenon Ogden

Damon joined Stoll Keenon Ogden's Utility & Energy practice as Of Counsel in 2015 and serves clients through the firm's Hodgenville, Lexington, and Louisville offices. Damon represents public utility clients before federal and state courts at the trial and appellate levels. He handles matters such as rate adjustments, transfers of control, financing and construction applications, and consumer complaint proceedings.

Before his time at SKO, Damon worked for decades in private practice and has provided legal representation to public utilities throughout Kentucky. He has focused primarily on water utilities, and his deep expertise in drinking water has earned him a reputation statewide as a go-to legal resource in this area. Damon is general counsel of the Kentucky Rural Water Association and has served in this capacity since 1979.

Given his substantial experience, Damon is frequently called upon to speak at training sessions sponsored by the Kentucky Rural Water Association, Division of Water, Utility Management Institute, and other utility groups in the state.

Damon is highly active in the local community and serves as a board member of several nonprofit organizations. He is a past board member of the Kentucky Infrastructure Authority. He was a charter member, long-time board member, and two-term board chairman of the Kentucky FFA Foundation.



Gerald Wuetcher, Counsel
Stoll Keenon Ogden

Jerry is Counsel to the Firm in Stoll Keenon Ogden's Lexington office and is part of the Utility & Energy practice. He joined the firm in 2014, after working for more than 26 years at the Kentucky Public Service Commission (PSC) as a staff attorney, deputy general counsel, and executive advisor.

Over the course of his career, Jerry has frequently appeared before the PSC in administrative proceedings involving electric, natural gas, water, and sewer utility issues and has represented the PSC in state and federal courts. He also served as the PSC's representative in several interagency groups addressing water and wastewater issues. He drafted amendments to various provisions of Kentucky's public utility statutes and revisions to the PSC's administrative regulations.

From 2009-2013, Jerry was PSC's representative on the board of the Kentucky Infrastructure Authority. He developed and implemented the PSC's training program for water utility officials and was an instructor for that program.

Jerry is a frequent speaker on utility and local government issues before such organizations as the Kentucky Rural Water Association, Kentucky League of Cities, Kentucky Association of Counties, and Utility Management Institute.

Along with his significant experience in the realm of civilian law, Jerry served for 27 years in the U.S. Army as a judge advocate before retiring at the rank of colonel in 2011. He occupied numerous roles on active duty and in a reserve status.



Tina Frederick, Counsel
Stoll Keenon Ogden

Tina is Counsel to the Firm in Stoll Keenon Ogden's Lexington office and is a member of the firm's Utility and Energy Practice Group.

She recently joined the firm after serving approximately five years with the Kentucky Public Service Commission ("Commission"), first as a Staff Attorney and then as an Assistant General Counsel. In those roles, she advised the Commission on various matters pending before the Commission involving the regulation of public utilities, including applications for rate adjustments, the construction of utility facilities, and the issuance of debt instruments. She represented Commission Staff in administrative hearings involving those issues as well those involving investigations of alleged violations of the Commonwealth's statutes and administrative regulations pertaining to utility service.

Prior to her employment with the Commission, she maintained for five years a private practice that principally involved the representation of claimants asserting claims under the Social Security Act and Kentucky's Worker Compensation laws.

Utility & Energy: Tina addresses all facets of regulatory matters but primarily practices in front of the Kentucky Public Service Commission handling construction and financing applications, rate adjustment proceedings, Commission investigation into utility practices.



Robert K. Miller

StraightLine Kentucky

QUALIFICATIONS

EDUCATION

Bachelors–Management and Finance, University of Louisville, 1979
Masters-Business Administration and Finance, Indiana University 1982

YEARS OF EXPERIENCE: 38

SPECIALIZATION

Senior Executive in Drinking Water, Wastewater, and Stormwater Industry

PROFESSIONAL AFFILIATIONS

American Water Works Association QualServe Peer Reviewer

AWWA Business Practices Standards Committee Member Vice-Chair (past)

AWWA Utility Management Standards Committee Member (past)

AWWA Finance, Accounting, and Management Controls Committee Chair (past)

AWWA Management Controls Sub-Committee Chair (past)

AWWA Research Foundation Project Participating Utility Member (past)

National Association of Clean Water Agencies, Utility and Resource Management Committee (past)

Professional Profile

Senior utility executive with 38 years of experience in the drinking water, wastewater, and stormwater industry, including: executive management, strategic planning, policy development, customer service, information technology, and program management. Advocate for sustainability of water infrastructure and affordability for low-income customers. Education includes a Bachelor and Master degrees in business management and finance.

Qualifications and Experience

StraightLine Kentucky, Louisville, KY

2021 – Present Consultant

Advisor to drinking water, wastewater, and stormwater utility managers, regulatory officials, elected officials, and service providers. Currently serving as the Rate Analyst Manager for Kentucky Rural Water Assn.

City of Jackson, Mississippi

2017 – 2020 Director of Public Works

Executive management of Drinking Water, Wastewater, Stormwater, Solid Waste, Streets, Facilities, Fleet, and Warehouse operations and maintenance.

Sewerage and Water Board of New Orleans, Louisiana

2009 – 2017 Deputy Director / Interim Executive Director

Administrative management of Strategic Planning, Accounting, Budgeting, Purchasing, Customer Service, Human Resources, Information Technology, Risk Management, Fleet Maintenance, Warehouse, Internal Audit, and other operations support services.

Municipal and Financial Services Group, Maryland

2008 – 2009 Senior Manager

Management consultant to water and wastewater utilities focusing on enterprise risk management, internal control, financial analysis, and rate studies.

Louisville Water Company, Kentucky

1991 – 2008 Vice President

Administrative management of Finance, Information Technology, Risk Management, Business Planning, Human Resources, and Board Relations



BIOGRAPHY

Jason Pennell **Kentucky Rural Water** **Association**

Jason Pennell joined the Kentucky Rural Water Association staff in August, 2017, as a project specialist. Jason's duties have focused on the Energy Program, compliance issues, and he also assists on other training and technical assistance programs. Jason's experience in the water and wastewater business began in Whitesburg (Veolia Water) in 2005. There he worked as a meter reader, water treatment plant operator, laboratory manager, operations manager and from 2012-2014 he served as the Chief Operator. From 2014-2017, Jason was a Utility and Regulatory Investigator for the Kentucky Public Service Commission. He holds Kentucky certifications/licenses as follows: Class IIIA Water Treatment Operator, Class II Water Distribution Operator, Class II Wastewater Treatment Operator, Class II Collection System Operator, and is certified in Pipeline and Manhole Assessment by NASSCO.

Jason resides in Georgetown, Kentucky, with his wife, Bridget, and two sons, Bryson and Colton.

EXHIBIT 3

HOT LEGAL TOPICS

Damon R. Talley
Stoll Keenon Ogden PLLC
damon.talley@skofirm.com

August 18, 2025



DISCUSSION TOPICS

1. PSC Filings
2. 2025 General Assembly
3. Notable PSC Orders
4. Minutes



DISCUSSION TOPICS

5. Comply with PSC Orders
6. Borrowing Money
7. Cases to Watch





DISCLAIMER



PSA for PSC



Reporting Requirements

- Must Notify PSC if . . .
 - Vacancy Exists
 - Appointment Made
- When? Within 30 Days
- Consequences



Vacancy

- Inform CJE 60 Days Before Term Ends (KRS 65.008)
- CJE / Fiscal Court – 90 Days
- Then, PSC Takes Over
 - CJE Loses Right To Appoint





E-Mail Address Regs.

- All PSC Orders Served by E-mail
- Duty to Keep Correct E-mail Address on file with PSC
 - Default Regulatory E-mail Address
- Duty to List E-mail Address in Application & All Other Papers
 - Utility Official
 - Its Attorney



E-Mail Address

- Who is Covered?
 - Water Districts
 - Water Associations
 - Investor Owned Utilities
 - **Municipal Utilities**



Why Municipals?

- Contract Filing
- Tariff Change (Wholesale Rate)
- Protest Supplier's Rate Increase
- Acquiring Assets of Another Utility
- Avoid Delays





Default Regulatory E-mail Address

- Send E-mail to PSC
 - psc.reports@ky.gov
 - PSCED@ky.gov
- Send Letter to PSC
 - Linda C. Bridwell,
Executive Director



PSC Case No. 2016 - 00310

Opened: 9-09-2016

Utility: Unlucky WD

Type: Show Cause Case

Issue: Ignored PSC Order &
Wrong Email Address

Settled: \$500 Fine



PSC Case No. 2023 - 00125

Opened: 6-07-2023

Utility: Uninformed WD

Type: Investigation Case

Issue: Board had no access to
Email Account. Manager did
not inform Board of Order.

Hearing: 1-18-24

Decided: 4-02-24



2025 General Assembly



Notable Bills – House

- HB 16 Fluoride
- HB 85 Sanitation Districts
- HB 345 Ky. Buy American Act
- HB 386 Bidding Threshold Increased



Notable Bills – Senate

- SB 8 PSC Commissioners
- SB 89 Waters of the Commonwealth
- SB 171 Eminent Domain (Condemnation)



HB 16 – Fluoride

- “Local Option”
 - Decision to Have Drinking Water Fluoridation Program is Now Optional
 - Local Control
 - Decision Made by Governing Board of Water Producer
- Current Program Continues Until Decision Made to Cease



HB 16 – Fluoride

- Passed House: 68 to 29
- Died in Senate
 - Health Services Committee



HB 85 – Sanitation Districts

- Sanitation District Cannot Charge Fee Unless Property Is:
 - Connected to Sewer Line;
 - Approved Plan to Extend Sewer Line within 5 years; or
 - Stormwater from Property Flows to Storm Sewer



HB 85 – Sanitation Districts

- Passed House: 68 to 23
- Died in Senate
 - Committee on Committees
(3-12-25)



HB 345 – Ky. Buy American Act

- State and Local Government Contracts for Public Works Shall:
 - Iron, Steel, and Aluminum to Be Manufactured in America
- Applies to Cities & Water Districts
- Water Associations Exempt



HB 345 – Ky. Buy American Act

- Died in House
 - State Government Committee
(2-7-25)



HB 386 - Bidding Threshold

- Raises Threshold from \$40,000 to \$60,000
- Amends KRS 424.260
- Vehicles - No Threshold
- Does Not Amend KRS 45A
- Provides for Alternate Publication



HB 386 - Bidding Threshold

- Died in House
 - Local Government Committee
(2-12-25)



SB 8 – PSC Commissioners

- Expands Number from 3 to 5
- Detailed Eligibility Criteria
- One Commissioner – Consumer Advocate
- Governor Appoints 3
- State Auditor Appoints 2
- Commissioners Elect Chair & Vice Chair



SB 8 – PSC Commissioners

- Introduced: 2-18-25
- Natural Resources & Energy Committee (2-21-25)
- Withdrawn by Senate President Stivers



SB 89 – Waters of the Commonwealth

- Changes Definition of “Waters of the Commonwealth” to Mean **Navigable Waters** as Defined under Federal Law
- Threatens Water Quality of:
 - Rivers, Streams & Creeks
 - Ground Water
 - Wells



SB 89 – Waters of the Commonwealth

- Sponsored by Ky. Coal Assoc.
- Passed Senate: 30 to 5
- Passed House: 69 to 26
(with House Committee Substitute 1)
- Senate Concurred: 31 to 7
- Governor's Action: Vetoed
- GA: Overrode Veto



SB 171 – Eminent Domain

- Prohibits Condemnation of Land to Construct Solar Facilities
- Limits Condemnation of Land Subject to Agricultural Conservation District
 - KYTC Exempt
 - Utilities Exempt

(continued)



SB 171 – Eminent Domain

- If Land is Subject to Agricultural Conservation District
 - Additional Hearing Before Soil Conservation Board
 - Must Prove No Feasible Alternative
 - Then File Action in Circuit Court

(continued)



SB 171 – Eminent Domain

- All Condemnation Actions
 - Utility Must Pay Landowner's Costs & Attorney Fees
 - Additional Notice Requirements
 - More Hurdles



SB 171 – Eminent Domain

- Agriculture Committee
 - 2 Readings
 - Sponsor Sen. West
“Unintended Consequences”
 - Died in Committee



Notable PSC Orders



PSC Case No. 2023-306

Filed: 11-08-2024

Utility: North Nelson WD

Type: Declaratory Order

Issue: Is CPCN Needed?

Decided: 01-28-2025

Answer: NO



North Nelson WD

- Facts: Construct 7.3 Miles
Transmission Main
 - Supplemental Source for B-Town
 - Cost: \$16.6 Million
 - Grants: \$17.8 Million
- Problem: Net Utility Plant
= \$11.4 Million
- Concern: Depreciation Expense
= \$225,000



PSC Case No. 2024-286

Filed: 10-18-2024

Utility: Warren County WD

Type: CPCN – Construct
Headquarters

Decided: 02-18-2025

(continued)



Warren County WD

- Unique Features:
 - Design Build Contract
 - Emergency Operations Center Included in New Building



PSC Case No. 2023 - 252

Filed: 08-18-2023

Utility: Oldham Co. W.D.

Type: ARF Case

Issue: Full Recovery of Cost of
Employee Benefits

Hearing: 04-19-24

Decided: 06-18-24



Oldham Co. W.D. (OCWD)

PSC Order (50 Pages):

- Applied BLS Reduction %
- Disallowed Recovery of \$125,000 in Health Insurance Costs
(OCWD Pays 100%)

(continued . . .)



OCWD (continued)

PSC Order:

- OCWD Failed to Meet
Its Burden of Proof
 - Proof Insufficient to Overcome
PSC Precedents
 - 43 Cases Align with
BLS National Average

(cont . . .)



OCWD (continued)

PSC Order:

- OCWD Has Appealed Decision
 - When? July 18, 2024
 - Where? Franklin Circuit Court
 - Case No: 24-CI-00725



PSC Case No. 2023 - 247

Filed: 09-29-2023

Utility: Hardin Co. W.D. No. 2

Type: General Rate Case

Issue: Full Recovery of Cost of

- Employee Benefits
- Commissioners' Benefits

(cont. . .)



PSC Case No. 2023 - 247

Hearing: 01-11-2024

Brief: 02-16-2024

Decided: 07-29-2024



Hardin Co. W.D. No.2

- Holdings:
 - Denied All Commissioners' Benefits
 - No Mention of Unlawfulness
 - Oldham Declaratory Order
 - Allowed Full Recovery of Cost of Employee Benefits



Hardin Co. W.D. No.2

- Rationale:
 - HCWD Pays 94%
 - Blue Oval SK Plant
 - Found HCWD2 Package Reasonable



PSC Case No. 2023 - 257

Filed: 09-23-2023

Utility: Harrison Co. W. A.

Type: (1) Financing Approval
(2) CPCN – Rehab of 3 Tanks
or
(2A) Declaratory Order

Decided: 11-28-23



PSC Case No. 2023 - 257

Facts: Water Tank Maintenance Contract

- 3 Contracts with Utility Service
- Rehab 3 Tanks
- Cost: \$524,335
- Initial Term: 5 Years
- Level Payments for First 5 Years
- Auto Annual Renewal Thereafter
- Much Lower Annual Fee



PSC Case No. 2023 - 257

Issues:

1. Is the Tank Maintenance Contract an Evidence of Indebtedness ?

Answer: Yes

2. Is CPCN Needed ?

Answer: No



Evidence of Indebtedness

- Significant Work in Year 1 & 3
- Level Payment each Year for 5 Years
- Work Now; Pay Later
- If Terminated, Still Must Pay for 5 Years



Change the Facts

- Initial Term Still 5 Years
- Pay as Work is Performed
- No Longer an Evidence of Indebtedness

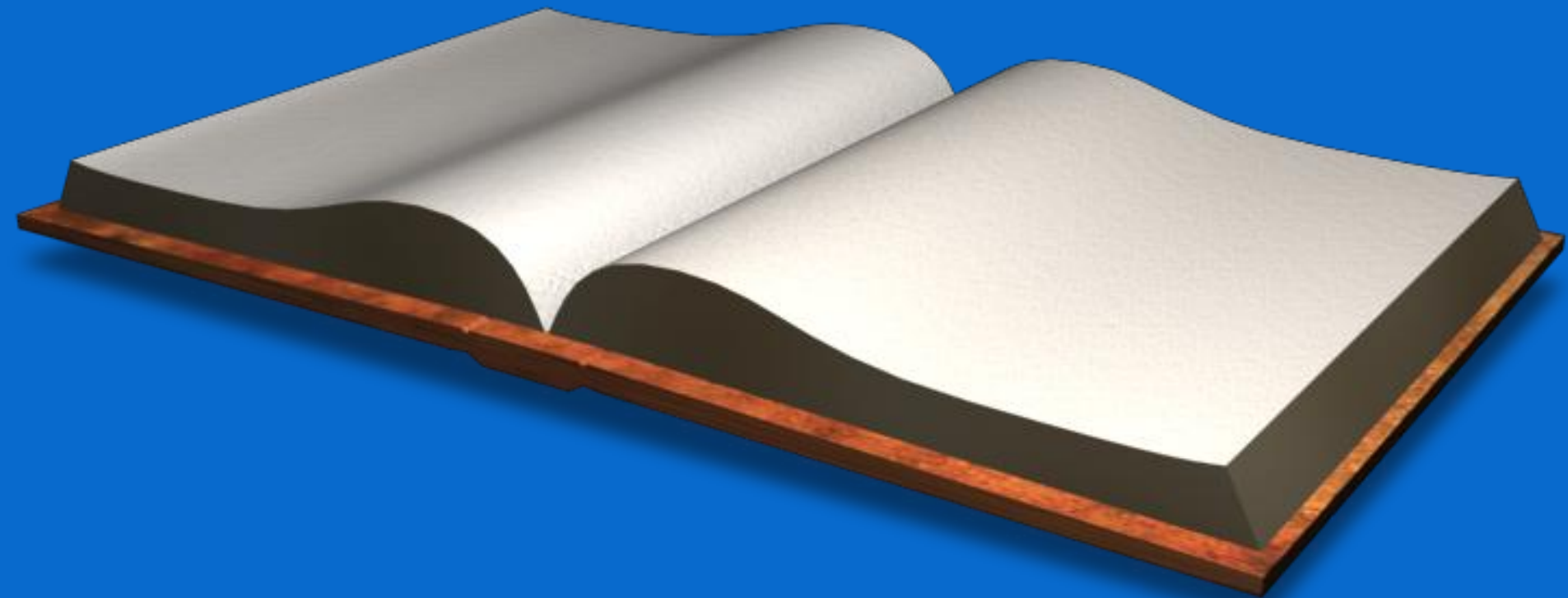


Is a CPCN Needed ?

- NO
- Why? Ordinary Extension in the usual course of Business
 - Looked at Each Tank Separately
 - Not a Sufficient Capital Outlay



MINUTES



What Are MINUTES?

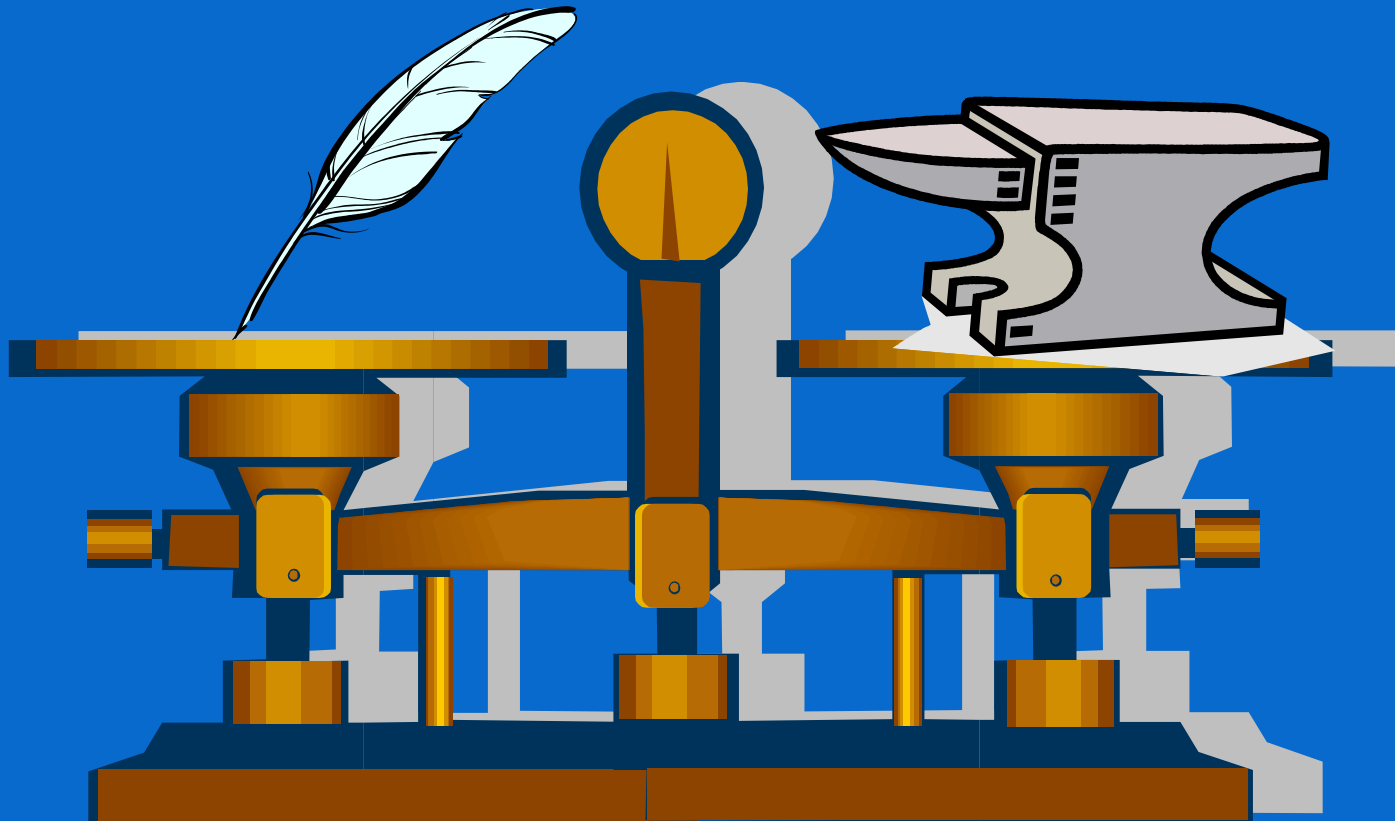
- Official Record
- Much, Much More . . .



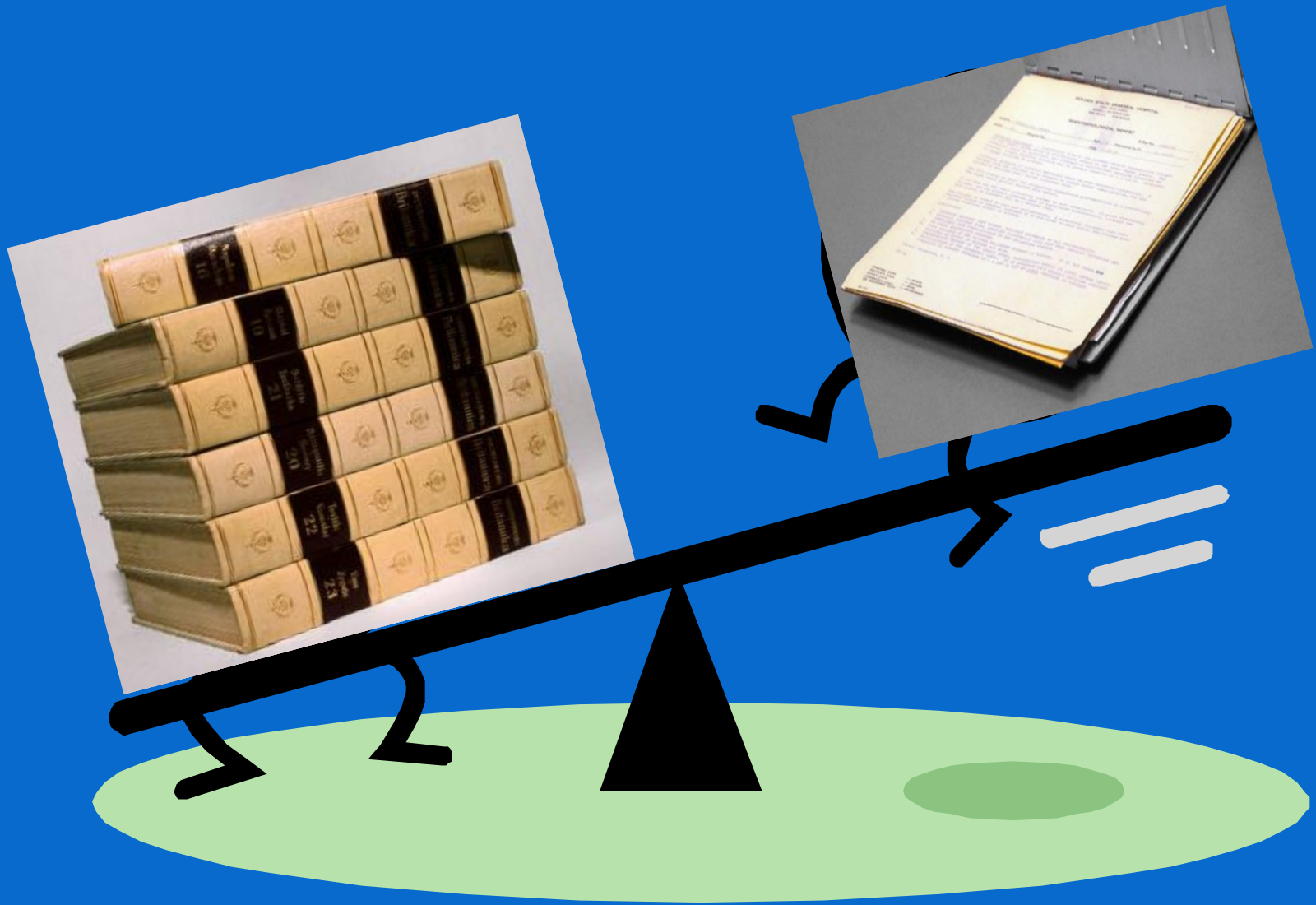
**AN OUNCE
OF
PREVENTION**

=

**A POUND
OF CURE**



How much information **SHOULD** be included in the **MINUTES**?



Minutes

How MUCH is too MUCH?

- No definitive answer
- Art not a science

Cont.



Minutes ...

How MUCH is too MUCH?

- Guidelines . . .
 - Minutes are **NOT** a transcript
 - Minutes are **NOT** the Congressional Record
 - Include rationale for action taken if it might avoid lawsuit



Excerpt From Minutes

“Motion was made by Commissioner X and seconded by Commissioner Y to hire Commissioner Z to perform water line inspections on the Knob Hill Project at an hourly rate of \$20.”



“Conversations are
NOT official actions of
the Board.”

Virginia W. Gregg
Former PSC Staff Attorney



WHY Include Summary of Conversations in Minutes?

- Document Board's Due Diligence (e.g. Water Loss)
- Document Board's Oversight Role (e.g. Compliance with PSC Orders)
- Avoid or Win Litigation





Talley's Tips

Prepare Minutes for a Reader...

1. Who did not attend the meeting.
2. Who will not read the Minutes until at least one year later.
3. Who is employed by PSC.
4. Who will access Minutes via www.



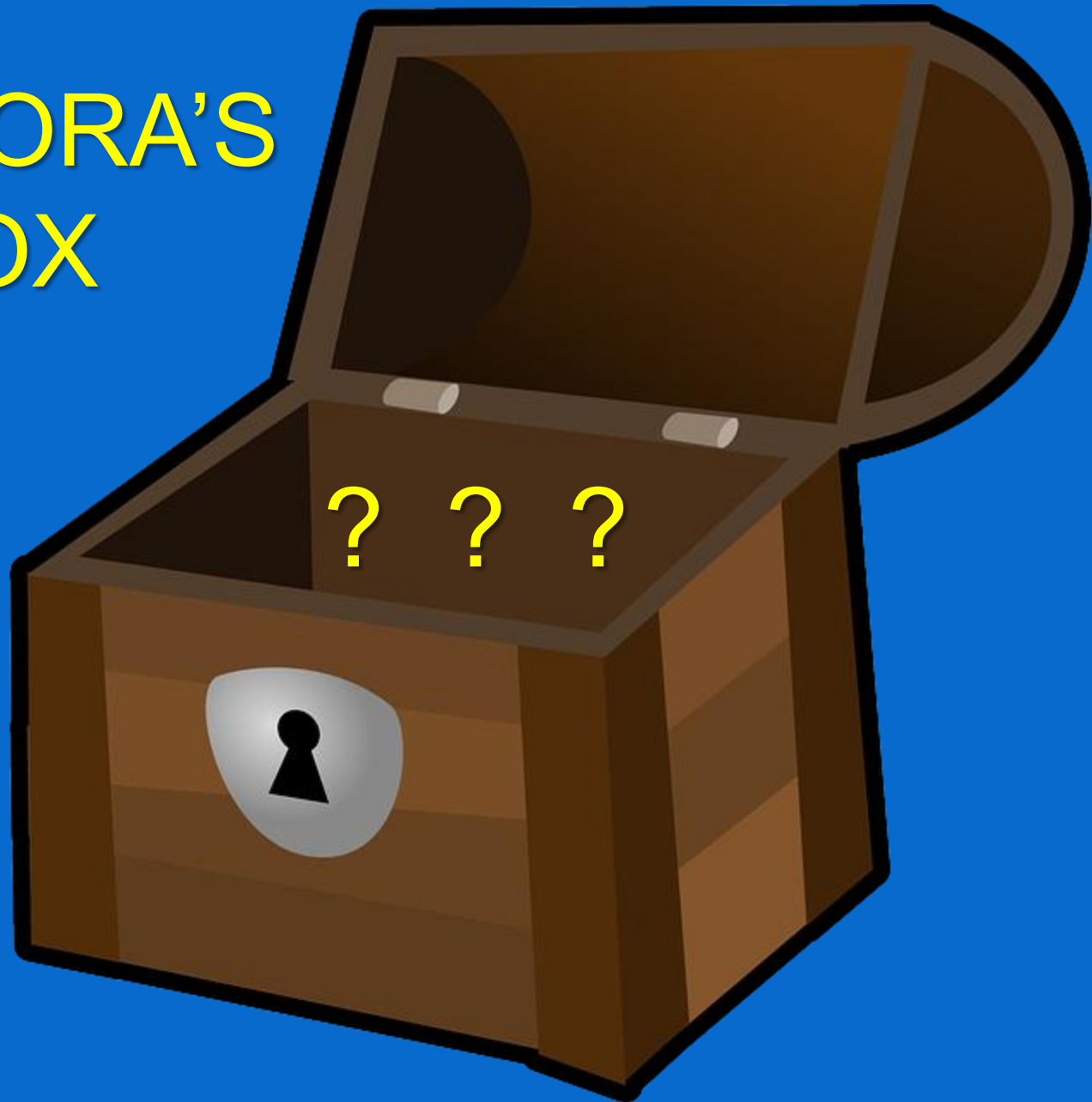
**Comply
With All
PSC
Orders**



“ . . . for allegedly failing to comply with the Commission’s March 10, 2020 Order in Case No. 2019-00458. The willful failure to comply presents prima facie evidence of incompetency, neglect of duty, gross immorality, or nonfeasance, misfeasance, or malfeasance in office sufficient to make [the District’s] officers and manager subject to the penalties of KRS 278.990 or removal pursuant to KRS 74.025. The Commission finds that a public hearing should be held on the merits of the allegations set forth in this Order.”



PANDORA'S BOX



Borrowing

LOANS



Money

KRS 278.300(1)

No utility shall issue any securities or evidences of indebtedness . . . until it has been authorized to do so by order of the Commission.



Practical Effect

- Must Obtain PSC Approval Before Incurring Long-term Debt (Over 2 Years)
- Exception:
 - 2 Years or Less
 - Renewals
 - (3 X 2 = 6 Years)
 - (6 X 1 = 6 Years)





Violation

Show Cause Cases



Show Cause Cases Borrowing Money

First Case: 2022-252



Case # 1

Case No. 2022 - 252

Opened: 02-16-2023

Issue: KRS 278.300
(4 Violations)

Hearing: 08-01-2023

Decided: 10-17-2023



Case # 1

Facts: Leased 4 Trucks
4 & 5 Year Terms

Issue: Is Long Term Lease
An evidence of
Indebtedness ?

Holding: Yes



Case # 1

Outcome:

- GM & Directors (Water Assoc.)
 - Fined \$250 (Waived)
 - 12 Hours of Training
 - 6 More Hours Annually
- Future Directors
 - 6 Hours Training Annually



Cases To Watch



Oldham Co. W.D. vs Public Service Commission

What? Appeal

Where? Franklin Circuit Court

Case No: 24-CI-00725

(continued . . .)



Oldham Appeal (continued)

Filed: July 18, 2024

PSC Answer: Aug. 09, 2024

Briefing Schedule: Nov. 22, 2024
&
Jan. 10, 2025

Oral Arguments: May 20, 2025

(continued . . .)



Oldham (continued)

Issues on Appeal:

- PSC Acted Unlawfully
- BLS Reduction Not Supported by Substantial Evidence
- Denied Due Process
- PSC Violated KRS 13A.100



Oldham (continued)

Decision: ? ? ?





QUESTIONS?

damon.talley@skofirm.com

270-358-3187





BASIC PROCUREMENT LAW FOR GOVERNMENTAL WATER UTILITIES

August 18, 2025

**Gerald Wuetcher
Stoll Keenon Ogden PLLC
gerald.wuetcher@skofirm.com
(859) 231-3017**



Role/Duties of Board of Commissioners

- Exercises all corporate powers of WD
- Directs/oversees WD's business & affairs
- Sole authority to make contracts
- Establishes policy/procedure for disbursement of WD funds

Standard of Care In Performance of Duties

Board Member must act:

- In good faith;
- On an informed basis; and
- In a manner he or she believes is in WD's best interest

What is “Informed Basis”?

- Inquiry made in same manner as an ordinary prudent person in similar position under similar circumstances
- Reliance upon reports/statements of employees, legal counsel, accountants, and others honestly believed to be reliable & competent in matter



Implications for Procurement Process

- Board must be actively involved in WD's procurement activities
- Board must understand proposed action's details and consequences
- Duty to monitor throughout procurement
- Need to develop & maintain a record of Board's actions re: procurement

Procurement Policy

- Vehicle for supervising procurement process
- Establishes procurement rules and procedures & the roles of WD employees and officers
- Establishes recordkeeping requirements
- Ensures greater transparency for public and potential vendors
- Relationship to Disbursement Policy



Contents of Procurement Policy

“Board Policy should include a transparent, competitive selection process for the procurement of goods and services. The policy should outline the circumstances under which quotes or competitive bids are required and the process to be followed. The Board should have policies that require a formal contract for purchases over a specified amount and that all contracts over a specified dollar amount require Board approval.”

Procurement Policy Provisions

- Purchases not requiring Board approval
- Competitive bidding requirements
- Use of price quotes in lieu of competitive bidding
- Need for formal contract
- Credit card purchases
- Information to support proposed procurement decisions
- Periodic reporting requirements (Contract management)

WHEN IS BIDDING REQUIRED?

No city or district may make a **contract, lease, or other agreement** for **materials; supplies** (except perishable foods); **equipment**; or **contractual services** other than professional involving an expenditure of **more than \$40,000** without first making **newspaper advertisement for bids.**

KRS 424.260(1)



What is a Professional Service?

IS	IS NOT
Legal Services Engineering Services Architectural Services Banking Services Insurance Broker Services Accounting Services Construction Manager Services	Computer Billing Services Construction Inspector Design-Build Contracts

Threshold Amount: \$40,000

- Bidding Required if total cost exceeds **\$40,000**
- Severing Contract/Project to avoid amount not permitted
- Supply Contracts: Estimated Need Should be Used Unless Extenuating Circumstances

Publication of Notice

- Published in newspaper of general circulation
- Not more than 21 days nor less than 7 days before bid deadline
- Must publish notice even if good faith belief that only one supplier exists
- Multicounty Districts: Published in Newspaper of Each County

Contract Award

- Not required to accept lowest bid
- Purpose of statute
 - Offering to the public
 - Opportunity for competition
 - Basis to compare bids
- Document reasons for not selecting lowest bid
- Preferences for Certain Bidders

Consequences of Failure to Comply

- Bid award is voidable
- Injunctive relief available
- Citizen suits permitted to void award and seek civil penalties
- Civil penalties against utility (\$50-\$500)
- Attorney Fees may be awarded against unsuccessful party



Exceptions To Bid Requirement

- Emergency Purchases
- Purchases from Federal Government
- State Contract Purchases
- Cooperative Purchases



Conflict of Interest Rules

- KRS 424.260: None
- KRS 65A.070: County/City Code of Ethics applicable to SPGE officers/employees
- Local Code of Ethics

Common Provisions in Code of Ethics: Prohibited Conduct

- Having any interest in business organization, business, or transaction in substantial conflict with proper discharge of duties
- Use of official position to secure unwarranted privileges or advantages
- Acting in official capacity in which O/E/FM/BO has direct or indirect financial or personal involvement might be reasonably expected to impair objectivity or independence of judgment



Common Provisions in Code of Ethics: Prohibited Conduct

- O/E/FM/B soliciting or accepting gift or favor, promise of future employment or other thing of value given or offered to influence discharge of duties
- Use of info not generally available to public & gained in the course of office to secure finance gain for the O/E/FM/B



Consequences of Violation of Code of Ethics

- Public Reprimand by County Ethics Commission
- Civil Penalty
- Removal by County Judge Executive for Conflict of Interest (KRS 65.007 and KRS 74.020)
- Removal by Public Service Commission (KRS 74.025)



Expenditures Less than \$40,000

- No bidding requirement
- No procurement procedures required
- Local Model Procurement Code: “Small Purchase Procedures”
 - Must be in writing
 - Available to public
- Examples

Preference for Resident Bidders

- KRS 45A.494 establishes reciprocal preference for resident bidders
- KY Residential bidders must be given a preference against nonresident bidders from states that give or require a preference to bidders from that state
- Preference is equal to preference given or required by the state of the nonbidder
- Purpose: Equalize competition with other states that provide preference to their residents



Preference for Resident Bidders

- Legislative Finding: “Public purpose served by providing preference to KY residents in contracts with its government bodies”
- Designed to equalize competition with other states that provide preference to their residents
- KRS 65.027: All contracts awarded by local government shall apply reciprocal preference for resident bidders in KRS 45A.494



Preference for Resident Bidders

- Resident Bidder: Any entity authorized to transact business in KY & filed KY corporate tax return, paid into KY unemployment insurance fund, & maintained KY workers compensation policy 1 year prior to bid announcement



Applying The Preference for Resident Bidders

- Residency affidavits submitted with bids
- Bids scored and ranked w/o reference to residency
- Residency of bidders established; if non-resident bidder from preference state, preference from the non-resident state is applied to responsive resident bids
- Bids rescored and re-ranked; resident bidder wins all ties



Other Statutory Preferences

- Products of Department of Corrections – Division of Prison Industries
- Products of Kentucky Industries for the Blind
- Qualified non-profit agency for individuals with severe disabilities

Sales Tax Considerations

- Water District's purchases are exempted from state sales tax
- Building materials/supplies purchased by a construction contractor to fulfill H₂O or sewer project exempted from sales tax
 - Contractor does not pay
 - Reduction in Costs should be factored into award decisions

Disposal of Surplus Property

- No provisions in KRS Chapter 74 or 424
- OAG 77-399: Not required to conduct bidding for disposal of surplus property; but should not be sold at less than appraised value and only if no longer necessary to the water district's functions
- Local Model Procurement Code and KRS 67.0802 provide model procedure

Disposal of Surplus Property: Suggested Model

- Written determination
 - Property description
 - Intended use at when acquired
 - Reason why disposal is in public's best interest
 - Method of disposition
- Transfer to another government agency
- Public auction
- If no bidders, any appropriate manner of disposal



LOCAL MODEL PROCUREMENT CODE



Local Model Procurement Code

- KRS 45A.345-.460
- Voluntary – Local Public Agencies **MAY** Adopt
- If Adopted Other purchasing statutes do not apply
- **Requires all contracts and purchases be awarded by competitive seal bidding**

Contract Award

- Not required to accept lowest bid
- Purpose of statute
 - Offering to the public
 - Opportunity for competition
 - Basis to compare bids
- Document reasons for not selecting lowest bid
- Preferences for Certain Bidders

Invitation to Bid: Contents

- Basis of Award
 - Lowest Price
 - Lowest Evaluated Price
- Objective Measurable Criteria For Award (if Lowest Evaluated Price)
- Reciprocal Preference for Resident Bidders

Notice of Invitation

- Adequate Public Notice Prior to Bid Opening
- Alternative Publication Methods:
 - Posting on Internet
 - Publication in Newspaper of General Circulation
- Notice: At least 7 days before bid opening
- Contain Time & Place of Bid Opening
- Contain Time & Place to Obtain Bid Specs

Bid Award

- Public opening
- Award to responsive bidder with lowest bid price or lowest evaluated bid
- Reciprocal preference applied to lowest evaluated bids
- If no responsive bids or all greater than available funds, **noncompetitive negotiations** may be used

Competitive Negotiations Permissible

- Unable to develop specs sufficiently specific to permit award based on LB or LEB
- Sealed Bidding is inappropriate:
 - Available sources limited
 - Time & Place of performance undetermine
 - Law regulates Price
 - Price cannot be fixed in advance
- Sealed Bid prices unresponsive/unreasonable

Competitive Negotiations: Notice

- Requests for Proposals
- Use Competitive Bidding Methods
- Any Other Means to Notify Adequate Number of Qualified Sources to Permit Reasonable Competition
- RFPs must indicate Factors Considered, Relative Importance & Reciprocal Preference

Competitive Negotiations: Discussions

- May be oral or written
- Held with ALL responsible offerors
- May not disclose any info derived from competing proposals
- Discussion of revised proposals must be discussed with all offerors



Competitive Negotiations: Award

- Must be based upon evaluation factors in RFP
- Standard: Most advantageous to the Agency
- Must be in Writing to responsible offerer

Noncompetitive Negotiations Permissible

- Emergency – Public Harm resulting from delay
- Single Source within reasonable geographic area
- Contract for services of licensed professional
- Purchase of perishable items
- Contract for replacement parts
- Purchase of proprietary items for resale

Noncompetitive Negotiations Permissible

- Purchase of supplies at public auction or by receiving sealed bids
- Insurance
- Contract for sale of supplies at reduced prices that will afford a purchase at savings
- Contract with private real estate developer w/ arrangements for sanitary sewer/stormwater

Small Purchases

- Purchase under \$40,000 may use small purchase procedures ILO bidding
- Agency must have developed such procedures
- Procedures must be in writing
- Procedures must be available for public inspection

Other LMPC Provisions

- Agency must make reasonable inquiry/written determination re: responsibility of bidder
- Bidder must submit sworn statement on non-violation of campaign finance laws
- Suppliers may be prequalified as responsible
- Agency has right to inspect contractor's plant or place of business



LMPC Conflict of Interest Rules: Breach of Ethical Standards

- Employee participation in procurement decision in which:
 - Employee/Family member has financial interest
 - Business or organization in which employee/family member is officer, director, trustee, partner or employee is a party
 - Any person, business, or organization w/whom employee or FM is negotiating employment is a party



LMPC Conflict of Interest Rules: Breach of Ethical Standards

- Offering or giving any agency employee or former employee a gratuity or offer of employment in connection with procurement or administration of contract
- Employee or former employee soliciting, demanding, or agreeing to accept gratuity or offer of employment in connection with procurement or administration of contract



LMPC Conflict of Interest Rules: Breach of Ethical Standards

- Making any payment, gratuity, or offer of employment by or on behalf of a subcontractor to the prime contractor or higher tier contractor or associated person as an inducement for the award of a subcontract or order
- Any current or former employee knowingly using confidential information for his actual or anticipated personal gain

LMPC Conflict of Interest Rules

- Conflict of Interest provisions must conspicuously set forth in every contract & solicitation
- Value of anything transferred or received in breach of ethical standards may be recovered
- Agency may recover value of any kickback may by subcontractor to prime contractor or higher tiered subcontractor

WHICH IS BETTER: KRS 424.260 OR LMPC?



QUESTIONS?



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(859) 231-3017

What to Expect During an Inspection

Jason Pennell
Kentucky Rural Water Association



Today's Topics

- Division of Inspections
- Inspection Process
- Areas of Concern
- Water Loss

PSC Mission Statement

- To foster the provision of safe and reliable service at a reasonable price to the customers of jurisdictional utilities while providing for the financial stability of those utilities by setting fair and just rates, and supporting their operational competence by overseeing regulated activities.

Customer Bill of Rights

As a residential customer of a regulated public utility in Kentucky, you are guaranteed the following rights subject to Kentucky Revised Statutes and the provisions of the Kentucky Public Service Commission Administrative Regulations:

- You have the right to service, provided you (or a member of your household whose debt was accumulated at your address) are not indebted to the utility.
- You have the right to inspect and review the utility's rates and tariffed operating procedures during the utility's normal office hours.
- You have the right to be present at any routine utility inspection of your service conditions.
- You must be provided a separate, distinct disconnect notice alerting you to a possible disconnection of your service if payment is not received.
- You have the right to dispute the reasons for any announced termination of your service.
- You have the right to negotiate a partial payment plan when your service is threatened by disconnection for non-payment.
- You have the right to participate in equal, budget payment plans for your natural gas and electric service.
- You have the right to maintain your utility service for up to thirty (30) days upon presentation of a medical certificate issued by a health official.
- You have the right to prompt (within 24 hours) restoration of your service when the cause for discontinuance of the service has been corrected.
- You have the right to contact the Public Service commission regarding any dispute that you have been unable to resolve with your utility (Call Toll Free 1-800-772-4636).

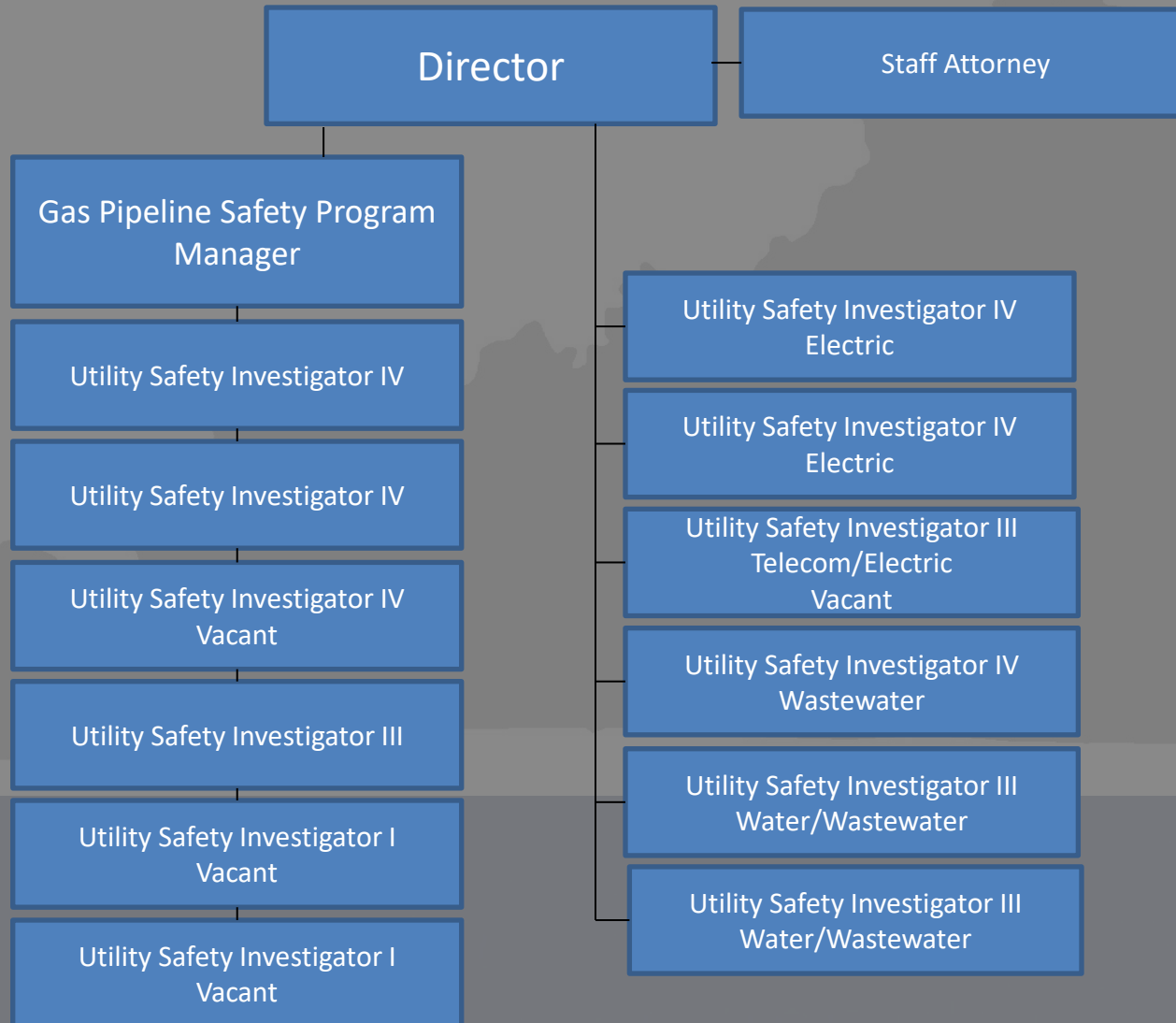


Water and Wastewater Utilities Under PSC Jurisdiction

- Investor-owned utilities
- Water districts
- Water associations
- Municipal water utilities BUT only the wholesale rates for water sold to a utility under full PSC jurisdiction
- Wastewater utilities – No municipalities*

* KRS 278.010(3) excludes “a city” from the definition of a “Utility”

Division Of Inspections



Regulated Water Utilities

- In 2023, the PSC received annual reports from 116 of 138 drinking water utilities throughout the state serving residential, commercial and industrial customers:
 - 5 Investor-Owned – AMB \$ 65.97
 - 20 of 20 Water Associations – AMB \$ 45.10
 - 104 of 112 Water Districts – AMB \$ 51.21
 - 731,206 Customers
- \$ 471,384,883 Total Revenues
- 632,349,509,000 gallons sold

* Source - 2023 annual reports submitted to the Kentucky Public Service Commission



Regulated Wastewater Utilities

- In 2023, the PSC received annual reports from 32 of 53 wastewater utilities throughout the state serving residential, commercial and industrial customers
- 36,644 Customers
- Total Revenues \$ 26,062,601
 - Residential AMB - \$ 44.87
 - Commercial AMB - \$ 97.32
 - Industrial AMB - \$ 3,214.60

* Source - 2023 annual reports submitted to the Kentucky Public Service Commission



Improving The Inspection Process

- Three investigators for the water and wastewater sectors
- IRS database
- Standard Operating Procedures
- Inspection cycle
- As of January 2019, now scheduled annually
- **Risk Assessment (Water Utilities)**
- Now collaborating with the Division of Water
 - Drinking Water and Wastewater Advisory Councils
 - Data sharing – Boil Water Advisories

Risk Assessment

- Seven Metrics
 - Number of deficiencies last inspection
 - Unresolved deficiencies
 - Excessive water loss %
 - Management/employee turnover
 - Inspector's subjective knowledge
 - Construction activity
 - Elapsed time since last inspection
- Higher point value will warrant more attention

Inspection Process

- Contact utility to set inspection date(s)
- Utility is provided a document list and inspection checklist
- Internal records review
 - Case history
 - Annual Reports/Water Produced/Purchased/Loss
 - Previous Inspections
- Go through inspections checklist, reviewing utility documentation at office
 - Line break logs
 - Fire Dept. usage
 - Pressure charts
 - Facility self-inspections (plant, tanks, manholes, etc.)

- 807 KAR 5:006, Section 4. Reports. (1) Gross annual operating revenue reports.
 - (a) Each utility shall file with the commission its gross operating revenue report on or before March 31

Water Statistics (Ref Page: 30)

	Gallons (Omit 000's)	Percent
1. Water Produced, Purchased and Distributed		
2. Water Produced	177,761	
3. Water Purchased	373,761	
4. Total Produced and Purchased	551,522	
6. Water Sales:		
7. Residential	304,359	
8. Commercial	23,882	
9. Industrial	1,772	
10. Bulk Loading Stations	2,436	
11. Resale		
12. Other Sales		
13. Total Water Sales	332,449	
15. Other Water Used		
16. Utility/water treatment plant	29,585	
17. Wastewater plant	5,340	
18. System flushing	92,250	
19. Fire department	11,858	
20. Other	4,000	
21. Total Other Water Used	143,033	
23. Water Loss:		
24. Tank Overflows	3,400	
25. Line Breaks	4,070	
26. Line Leaks	55,500	
27. Other	13,070	
28. Total Line Loss	76,040	
Note: Line 13 + Line 21 + Line 28 must equal Line 4		
32. Water Loss Percentage		
33. Line 28 divided by Line 4		13.7873



Quarterly Meter Report

807 KAR 5:006, Section 4(4)
Report of meters, customers,
and refunds. Each gas,
electric, or water utility shall
file quarterly either a
Quarterly Meter Report-
Electric, Quarterly Meter
Report, or a Quarterly Meter
Report-Electric-Gas-Water, of
meter tests, number of
customers, and amount of
refunds.

QUARTERLY METER REPORT TO THE KENTUCKY PUBLIC SERVICE COMMISSION																														
NAME OF UTILITY		QUARTER																												
ADDRESS		TEST YEAR																												
CITY, STATE, ZIP		DATE SUBMITTED																												
<table><thead><tr><th>CUSTOMER TYPE</th><th>METERED</th><th>NON-METERED</th><th>TOTAL</th></tr></thead><tbody><tr><td>RESIDENTIAL</td><td>0</td><td>0</td><td>0</td></tr><tr><td>COMMERCIAL</td><td>0</td><td>0</td><td>0</td></tr><tr><td>INDUSTRIAL</td><td>0</td><td>0</td><td>0</td></tr><tr><td>OTHER</td><td>0</td><td>0</td><td>0</td></tr><tr><td>TOTALS</td><td>0</td><td>0</td><td>0</td></tr></tbody></table>							CUSTOMER TYPE	METERED	NON-METERED	TOTAL	RESIDENTIAL	0	0	0	COMMERCIAL	0	0	0	INDUSTRIAL	0	0	0	OTHER	0	0	0	TOTALS	0	0	0
CUSTOMER TYPE	METERED	NON-METERED	TOTAL																											
RESIDENTIAL	0	0	0																											
COMMERCIAL	0	0	0																											
INDUSTRIAL	0	0	0																											
OTHER	0	0	0																											
TOTALS	0	0	0																											
STATUS OF METER TEST PROGRAM				QUANTITY																										
METERS TO BE TESTED THIS YEAR				0																										
METERS TESTED THIS YEAR (TO DATE)				0																										
METERS STILL TO TEST THIS YEAR				0																										
YEARS SINCE METER WAS LAST TESTED	METER TEST RESULTS				METERS TESTED	METERS NOT TESTED																								
NEW - 5 YEARS	WITHIN ±2%	> 2% FAST	> 2% SLOW	NR*	0	0																								
5 - 8 YEARS	0	0	0	0	0	0																								
9 YEARS	0	0	0	0	0	0																								
10 YEARS	0	0	0	0	0	0																								
10+ YEARS	0	0	0	0	0	0																								
UNKNOWN	0	0	0	0	0	0																								
TOTALS	0	0	0	0	0	0																								
PERCENT	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!																								
* Non-Registering																														
PERIODIC METER TEST PROGRAM																														
CASE NUMBER and/or SAMPLE METHOD PLAN																														
METERS REMOVED FROM SERVICE AND TESTED THIS QUARTER					0																									
NEW SERVICE CONNECTIONS (METERS) INSTALLED THIS QUARTER					0																									
TOTAL METERS TESTED THIS QUARTER					0																									
UTILITY OR APPROVED AGENCY DOING METER TESTING																														
METERS THAT TEST MORE THAN 2% FAST OR 2% SLOW																														
NUMBER OF TESTS MADE AT CUSTOMER'S REQUEST					0																									
NUMBER OF TESTS MADE AT COMMISSION'S REQUEST					0																									
NUMBER OF METERS ON WHICH REFUNDS WERE MADE					0																									
TOTAL AMOUNT OF REFUNDS MADE DURING THIS QUARTER					\$0.00																									
NUMBER OF CUSTOMERS BILLED FOR SLOW METERS					0																									
TOTAL AMOUNT BILLED ON SLOW METERS					\$0.00																									
NUMBER OF CUSTOMERS BILLED FOR NON-REGISTERING METERS					0																									
TOTAL AMOUNT BILLED ON NON-REGISTERING METERS					\$0.00																									
METER TESTING INFORMATION APPROVED BY:					CUSTOMER & REFUND INFORMATION APPROVED BY:																									
SIGNED					SIGNED																									
TITLE					TITLE																									



Non-Payment Disconnection/Reconnection Report

807 KAR 5:006, Section 4(5) Report of terminations for nonpayment of bills. Each water, electric, or gas utility shall file either the Water Utility Non-Payment Disconnection/Reconnection Report, Electric Utility Non-Payment Disconnection/Reconnection Report, or Gas Utility Non-Payment Disconnection/Reconnection Report, annually to report the number of residential accounts terminated for nonpayment. These reports shall be filed no later than August 15 and shall cover the period ending June 30.

KENTUCKY PUBLIC SERVICE COMMISSION												
<input type="checkbox"/>	Electric	<input type="checkbox"/>	Gas	<input type="checkbox"/>	Water							
NON-PAYMENT DISCONNECTION/RECONNECTION REPORT												
	THROUGH											
JULY	2024	JUNE	2025									
Utility Name												
Utility ID												
Month	July	August	September	October	November	December	January	February	March	April	May	June
Number Terminated												
Highest \$ Amt. Terminated												
Lowest \$ Amt. Terminated												
Median \$ Amt. Terminated												
Average \$ Amt. Terminated												
Number Reinstated												
For information regarding this report contact:												
Name												
Phone												



Inspection Process cont.

- Field Review
 - Plant
 - Tanks
 - Pump/lift stations
 - Construction projects
 - Safety/Security
- Exit Interview
- Inspection provided to utility approximately 30 days later

Inspection Process cont.

- Full internal review of inspections by executive staff and the commissioners
- Frequent internal discussion on cited deficiencies
- Utility given 30 days to respond to deficiencies
- Failure to respond or to correct deficiencies will result in initiation of formal action
 - Informal Conference
 - Show Cause Hearing

Areas of Concern

- **Water loss***

- Water Districts – 34.54% or 103 billion gallons
- Water Associations – 22.16% or 31 billion gallons
- Investor-Owned – 18.12% or 3 billion gallons

- Abandonment of Utilities

- Infrastructure

- Written documentation of facility inspection procedures and other required records

*Source - 2023 annual report statistics compiled by the Kentucky Public Service Commission



Non-Payment Disconnection/Reconnection

KENTUCKY PUBLIC SERVICE COMMISSION												
<input type="checkbox"/>	Electric	<input type="checkbox"/>	Gas	<input type="checkbox"/>	Water							
NON-PAYMENT DISCONNECTION/RECONNECTION REPORT												
		THROUGH										
JULY	2024	JUNE	2025									
Utility Name												
Utility ID												
Month	July	August	September	October	November	December	January	February	March	April	May	June
Number Terminated												
Highest \$ Amt. Terminated												
Lowest \$ Amt. Terminated												
Median \$ Amt. Terminated												
Average \$ Amt. Terminated												
Number Reinstated												
For information regarding this report contact:												
Name												
Phone												
807 KAR 5:006, Section 4 (5)												
ver	xlsx1											

Form Revised 6/20



Quarterly Meter Report

**QUARTERLY METER REPORT
TO THE KENTUCKY PUBLIC SERVICE COMMISSION**

GENERAL INFORMATION			
NAME OF UTILITY	0	QUARTER	FALSE
ADDRESS		TEST YEAR	0
	0		
CITY, STATE, ZIP	, KY	DATE SUBMITTED	January 0, 1900

METER STATISTICS			
CUSTOMER TYPE	METERED	NON-METERED	TOTAL
RESIDENTIAL	0	0	0
COMMERCIAL	0	0	0
INDUSTRIAL	0	0	0
OTHER	0	0	0
TOTALS	0	0	0

STATUS OF METER TEST PROGRAM		QUANTITY
METERS TO BE TESTED THIS YEAR		0
METERS TESTED THIS YEAR (NO DATE)		0
METERS STILL TO TEST THIS YEAR		0

METER TESTING						
YEARS SINCE METER WAS LAST TESTED	METER TEST RESULTS				METERS TESTED	METERS NOT TESTED
	WITHIN ±2%	> 2% FAST	> 2% SLOW	NR*		
NEW - 5 YEARS	0	0	0	0	0	0
5 - 8 YEARS	0	0	0	0	0	0
9 YEARS	0	0	0	0	0	0
10 YEARS	0	0	0	0	0	0
10+ YEARS	0	0	0	0	0	0
UNKNOWN	0	0	0	0	0	0
TOTALS	0	0	0	0	0	0
PERCENT	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

* Non-Registering

PERIODIC METER TEST PROGRAM	0
CASE NUMBER and/or SAMPLE METHOD PLAN	0
METERS REMOVED FROM SERVICE AND TESTED THIS QUARTER	0
NEW SERVICE CONNECTIONS (METERS) INSTALLED THIS QUARTER	0
TOTAL METERS TESTED THIS QUARTER	0
UTILITY OR APPROVED AGENCY DOING METER TESTING	0
METERS THAT TEST MORE THAN 2% FAST OR 2% SLOW	0

CUSTOMER AND REFUND INFORMATION	
NUMBER OF TESTS MADE AT CUSTOMER'S REQUEST	0
NUMBER OF TESTS MADE AT COMMISSION'S REQUEST	0
NUMBER OF METERS ON WHICH REFUNDS WERE MADE	0
TOTAL AMOUNT OF REFUNDS MADE DURING THIS QUARTER	\$0.00
NUMBER OF CUSTOMERS BILLED FOR SLOW METERS	0
TOTAL AMOUNT BILLED ON SLOW METERS	\$0.00
NUMBER OF CUSTOMERS BILLED FOR NON-REGISTERING METERS	0
TOTAL AMOUNT BILLED ON NON-REGISTERING METERS	\$0.00

METER TESTING INFORMATION APPROVED BY:	CUSTOMER & REFUND INFORMATION APPROVED BY:
SIGNED 0	SIGNED 0
TITLE 0	TITLE 0

GO TO: [INSTRUCTIONS](#) [PAGE 1](#) [PAGE 2](#) [PAGE 3](#) [PAGE 4](#)



Water Loss

- Excessive water loss will be a primary focus of PSC interactions with water utilities
 - PSC's position is that excessive water loss poses a threat to the utility's financial and operational stability & viability
 - Point of emphasis at PSC training seminars
 - Water loss exceeding 15% will be cited as a deficiency by water system inspectors
 - Rate cases, purchased water adjustments, CPCNs and water financing cases will all include language on water loss in excess of 15%
 - A utility's inability or continued inaction to reduce water loss will lead to greater PSC attention

Water Loss

- Annual Reports are being reviewed to identify utilities with water loss in excess of 15% (61 systems reported > 15%)
- Deficient utilities will:
 - Be cited with 5:066, Section 7 – Standards of Construction
 - Receive letter copying water commissioners and where applicable, the County Judge Executive/Magistrates

Water Statistics (Ref Page: 30)

Description	Gallons (Omit 000's)	Percent
1. Water Produced, Purchased and Distributed		
2. Water Produced	141,346	
3. Water Purchased	398,210	
4. Total Produced and Purchased	539,556	
6. Water Sales:		
7. Residential	333,478	
8. Commercial	22,058	
9. Industrial	578	
10. Bulk Loading Stations	740	
11. Wholesale		
12. Public Authorities		
13. Other Sales (explain)		
14. Total Water Sales	356,854	
16. Other Water Used		
17. Utility/water treatment plant	19,000	
18. Wastewater plant	6,849	
19. System flushing	87,935	
20. Fire department		
21. Other Usage (explain)		
22. Total Other Water Used	113,784	
24. Water Loss		
25. Tank Overflows		
26. Line Breaks		
27. Line Leaks	68,918	
28. Excavation Damages		
29. Theft		
30. Other Loss (Explain)		
31. Total Water Loss	68,918	
Note: Line 14 + Line 22 + Line 31 must equal Line 4		
Water Loss Percentage		
Line 31 divided by Line 4		12.7731



Water Loss

“**Water loss**” means the sum of all water purchased and produced by the utility less the volume of water:

(a) Sold;

(b) Provided to customers without charge as authorized by the utility’s tariff; and

(c) Used by the utility to conduct the daily operation and maintenance of its treatment, transmission, and distribution systems.

Water Loss Report Monthly

Basic Costs of Water Production and Distribution					Month:	Year:	
System Name:					PWSID:		
Man-Hours Cost (for hours actually worked at treatment plant)					Total Gallons Treated:		
Employee Name	Hourly Wage	Hourly Fringe	Hours Worked	Monthly Cost	<div>This report does not include analytical and other water system operational or maintenance costs. For determining customer and wholesale rates consider a cost of service study.</div>		
Total Man-Hours Cost							
Chemical Cost							
Chemical Name	Units (lbs or gals)	Cost per Unit	Monthly Cost	Chemical Name	Units (lbs or gals)	Cost per Unit	Monthly Cost
			\$0.00				\$0.00
			\$0.00				\$0.00
			\$0.00				\$0.00
			\$0.00				\$0.00
			\$0.00				\$0.00
Total Chemical Cost:					\$0.00		
Electrical Cost					Total Electrical Cost:		
Treatment Facility:							
Low Service (if separate):							
High Service (if separate):							
Gas for heating:					Total Heating Cost:		
Additional Distribution Cost							
Booster Pump Station Name	Gallons Pumped	Electricity	chemical (lbs or gals)	cost per lb or gal	chemical cost	Station Cost	Cost of Production plus Distribution Per Thousand
Total Production Cost for Month:							
Total Disrtibution Cost for Month:				\$0.00			
Total:				\$0.00			
Production Cost Per Thousand Gallons:							
Average Production + Distribution:							



Water Loss Monthly-Excavation and Breaks

Monthly Excavation Break Report

(name of Water System)

(PWSID)

Month
Year

diameter in inches
Hole =
Area = sq. in.

length (in) width (in)
Crack =
Area = sq. in.

Area Calculator

Insert the approximate dimensions of the hole or crack to determine the area of the break. Insert the area in the spreadsheet below.

Reference width - paper (0.004) dime (0.045)

Date	Excavation Break Location	Excavator	Minutes	Hole or Crack?	Area of hole or crack	Normal PSI	GPM	Gallons Lost During Break

Monthly Main Line Repair Report

(Water System)

(PWSID)

Month
Year

diameter in inches
Hole=
Area= sq. in.

length (in) width (in)
Crack=
Area= sq. in.

Area Calculator

Insert the approximate dimensions of the hole or crack to determine the area of the break. Insert the area in the spreadsheet below.
Reference width - paper (0.004) dime (0.045)

Date of Repair	Location of Leak or Line Break	Days Line Leaked?	Hole or Crack?	Area of hole or crack	Normal PSI	GPM	Calculated Loss for Month	Estimated Loss for Month

Water Loss-Line Break Log

Monthly Line Break Log

(water system)

Month
Year

PWSID

Date	Location	Time Found	Population Affected	Time for Repair	Disinfectant Residuals			Bact Samples		
					Date	Time	Result	Date	Time	Result



Water Loss-Flushing

DBP Maintenance Flushing (Hydrants and Tanks)							
0 (name of Water System)			Month		0		
0 (PWSID)			Year		0		
			unit conversion factor		29.83		
Formula: $GPM = 29.83 \text{ cd}^2/\sqrt{p}$			coefficient value		0.95		
Date	Indicate Water Storage Tank Name or Hydrant Location and/or Number	Total Minutes Operated	Nozzle size (typically 2.5 or 4.5)	Pitot Pressure	GPM	Gallons Flowed	Estimated or Metered Flow

Monthly Hydrant Flushing Report (Flushing for other than DBP maintenance)								
0 (name of Water System)			Month		0			
0 (PWSID)			Year		0			
			unit conversion factor		29.83			
Formula: $GPM = 29.83 \text{ cd}^2/\sqrt{p}$			coefficient value		0.95			
Date	Hydrant Location and/or Number	Reason Operated	Total Minutes Operated	Nozzle size (typically 2.5 or 4.5)	Pitot Pressure	GPM	Gallons Flowed	Estimated Flow if Pitot not used



Water Loss-Fire Department

Fire Department - Water Usage Report Form

KRS 278.170(3) 807 KAR 5:095 Section 9

Any city, county, urban-county, charter county, fire protection district, or volunteer fire protection district ("User") may withdraw water from the utility's water distribution system for the purpose of fighting fires or training firefighters at no charge on the condition that it maintains estimates of the amount of water used for fire protection and training during the calendar month and reports the amount of this water usage to the utility no later than the 15th day of the following calendar month.

Any city, county, urban-county, charter county, fire protection district, or volunteer fire protection district that withdraws water from the utility's water distribution system for fire protection or training purposes and fails to submit the required report on water usage in a timely manner shall be assessed the cost of this water.

A non-reporting user's usage shall be presumed to be 0.3 percent of the utility's total water sales for the calendar month.

<input type="text"/>				(name of Fire Department)		Month		<input type="text"/>
<input type="text"/>						Year		<input type="text"/>
<input type="text"/>				(name of Water System)		unit conversion factor		<input type="text" value="29.83"/>
						coefficient value		<input type="text" value="0.95"/>
Date	Hydrant Location and/or Number	Reason Operated	Total Minutes Operated	Nozzle size (typically 2.5 or 4.5)	Pitot Pressure	GPM	Gallons Flowed	Estimated Flow if Pitot not used
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>



Monthly Water Loss Report

PUBLIC SERVICE COMMISSION		
Monthly Water Loss Report		
Water Utility:	<input type="text" value="0"/>	PWSID: <input type="text" value="0"/>
For the Month of:	<input type="text" value="0"/>	Year: <input type="text" value="0"/>
LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED AND PURCHASED	
2	Water Produced	<input type="text" value="0"/>
3	Water Purchased	<input type="text" value="0"/>
4	TOTAL PRODUCED AND PURCHASED	<input type="text" value="0"/>
5		
6	WATER SALES	
7	Residential	<input type="text" value="0"/>
8	Commercial	<input type="text" value="0"/>
9	Industrial	<input type="text" value="0"/>
10	Bulk Loading Stations	<input type="text" value="0"/>
11	Wholesale	<input type="text" value="0"/>
12	Public Authorities	<input type="text" value="0"/>
13	Other Sales (explain) <input type="text" value="0"/>	<input type="text" value="0"/>
14	TOTAL WATER SALES	<input type="text" value="0"/>
15		
16	OTHER WATER USED	
17	Utility and/or Water Treatment Plant	<input type="text" value="0"/>
18	Wastewater Plant	<input type="text" value="0"/>
19	System Flushing	<input type="text" value="0"/>
20	Fire Department	<input type="text" value="0"/>
21	Other Usage (explain) <input type="text" value="0"/>	<input type="text" value="0"/>
22	TOTAL OTHER WATER USED	<input type="text" value="0"/>
23		
24	WATER LOSS	
25	Tank Overflows	<input type="text" value="0"/>
26	Line Breaks	<input type="text" value="0"/>
27	Line Leaks	<input type="text" value="0"/>
28	Excavation Damages	<input type="text" value="0"/>
29	Theft	<input type="text" value="0"/>
30	Other Loss (explain) <input type="text" value="Unknown Loss"/>	<input type="text" value="0"/>
31	TOTAL LINE LOSS	<input type="text" value="0"/>
32		
33	Note: Line 14 + Line 22 + Line 31 Must Equal Line 4	
34		
35	WATER LOSS PERCENTAGE	
36	(Line 31 Divided by Line 4)	<input type="text" value="#DIV/0!"/>



Monthly Water Loss Report-Management

Board and Management Monthly Water Use Report		
Water Utility:	<input type="text" value="0"/>	PWSID: <input type="text" value="0"/>
For the Month of:	<input type="text" value="0"/>	Year: <input type="text" value="0"/>
Billing Period:		
1	PRODUCTION COST PER THOUSAND	(insert cost)
2	PURCHASE COST PER THOUSAND	(insert cost)
WATER PRODUCED or PURCHASED		GALLONS
3	Water Produced	
4	Water Purchased	
5	TOTAL PRODUCED AND PURCHASED	0
6	TOTAL COST	
WATER SOLD		
7	Residential	
8	Commercial	
9	Industrial	
10	Bulk Loading Stations	
11	Wholesale (other water systems, special contracts, etc.)	
12	Public Authorities (fire departments, public pools, parks, etc.)	
13	Other Sales (explain)	
14	TOTAL WATER SOLD	0
15	TOTAL WATER NOT SOLD	0
BREAKDOWN OF WATER USAGE		
16	Water Treatment Plant	
17	Wastewater Treatment Plant	
18	System Flushing (routine and complaint flushing)	0
19	DBP Flushing (forced tank overflows and hydrant flushing)	0
20	Fire Department (documented for firefighting and training)	0
21	Other Usage (explain)	
22	TOTAL USAGE	0
BREAKDOWN OF WATER LOST		
23	Tank Overflows (other than for DBP maintenance)	
24	Main Line Breaks (long term leakage during current month)	0
25	Service Line Breaks (repaired during current month)	0
26	Line Leaks (calculated line leakage, meter inaccuracies, etc.)	
27	Excavation Damage Loss (short term leakage)	0
28	Theft (documented)	
29	TOTAL DOCUMENTED WATER LOST	0
30	COST OF DOCUMENTED WATER LOST	
"UNKNOWN LOSS" FLOW RATE AND COST:		
31	"Unknown Loss"	0
32	% "Unknown Loss"	
33	(insert billing period dates at top of page) Number of Days in Period	0
34	"Unknown Loss" per Day (Gallons per Day)	#DIV/0!
35	"Unknown Loss" per Minute (GPM)	#DIV/0!
36	"Unknown Loss" Cost for Month	
37	WATER LOSS PERCENTAGE FOR PSC RATEMAKING PURPOSES	



807 KAR 5:095

Section 9. A utility that permits a fire department to withdraw water from its water distribution system for fire protection and training purposes at no charge or at reduced rates shall:

- (1) Require a fire department to submit quarterly reports demonstrating its water usage for the quarter; and
- (2) State in its tariff the penalty to be assessed for failure to submit the reports required by subsection (1) of this section.

Fire Department

Fire Department - Water Usage Report Form

KRS 278.170(3) 807 KAR 5:095 Section 9

Any city, county, urban-county, charter county, fire protection district, or volunteer fire protection district ("User") may withdraw water from the utility's water distribution system for the purpose of fighting fires or training firefighters at no charge on the condition that it maintains estimates of the amount of water used for fire protection and training during the calendar month and reports the amount of this water usage to the utility no later than the 15th day of the following calendar month.

Any city, county, urban-county, charter county, fire protection district, or volunteer fire protection district that withdraws water from the utility's water distribution system for fire protection or training purposes and fails to submit the required report on water usage in a timely manner shall be assessed the cost of this water.

A non-reporting user's usage shall be presumed to be 0.3 percent of the utility's total water sales for the calendar month.

						(name of Fire Department)		<div> <div>Month</div> <div>Year</div> </div>	
						(name of Water System)			
								unit conversion factor	29.83
								coefficient value	0.95
Date	Hydrant Location and/or Number	Reason Operated	Total Minutes Operated	Nozzle size (typically 2.5 or 4.5)	Pitot Pressure	GPM	Gallons Flowed	Estimated Flow if Pitot not used	



Commission Orders

- The Commission is placing greater emphasis on monitoring utilities that consistently exceed the fifteen (15) percent water loss threshold and strongly encourages *Subject Utility* to pursue reasonable actions to reduce its water loss. Failure by *Subject utility* to make significant progress towards reducing water loss may cause the Commission to pursue additional action with the utility.

Water Loss Spread Sheet


Basic Costs of Water Production and Distribution					Month:	Year:	
System Name:					PWSID:		
Total Gallons Treated:							
Man-Hours Cost (for hours actually worked at treatment plant)					<div>This report does not include analytical and other water system operational or maintenance costs. For determining customer and wholesale rates consider a cost of service study.</div> <div>Total Man-Hours Cost</div>		
Employee Name	Hourly Wage	Hourly Fringe	Hours Worked	Monthly Cost			
Chemical Cost							
Chemical Name	Units (lbs or gals)	Cost per Unit	Monthly Cost	Chemical Name	Units (lbs or gals)	Cost per Unit	Monthly Cost
			\$0.00				\$0.00
			\$0.00				\$0.00
			\$0.00				\$0.00
			\$0.00				\$0.00
			\$0.00				\$0.00
Electrical Cost					Total Chemical Cost:		\$0.00
Treatment Facility:					Total Electrical Cost:		
Low Service (if separate):					Total Heating Cost:		
High Service (if separate):							
Gas for heating:							
Additional Distribution Cost							
Booster Pump Station Name	Gallons Pumped	Electricity	chemical (lbs or gals)	cost per lb or gal	chemical cost	Station Cost	Cost of Production plus Distribution Per Thousand
Total Production Cost for Month:				Production Cost Per Thousand Gallons:			
Total Distribution Cost for Month:				Average Production + Distribution:			
Total:							



Water Loss-Line Repair

[illegible]

Water Loss-Line Repair

Monthly Service Line Repair Report						Area Calculator		
0		Hole=		diameter in inches		Insert the approximate dimensions of the hole or crack to determine the area of the break. Insert the area in the spreadsheet below. Reference width - paper (0.004) dime (0.045)		
(Water System)		Area=		0.000 sq. in.				
0		Crack=		length (in) width (in)				
(PWSID)		Area=		0 sq. in.				
Month	0							
Year	0							
Date of Repair	Location of Leak or Line Break	Days Line Leaked?	Hole or Crack?	Area of hole or crack	Normal PSI	GPM	Calculated Loss for Month	Estimated Loss for Month
Total Gallons Lost Due to Service Line Breaks						0		
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Monthly Line Break Log		(water system)	0
Month	0	PWSID	0
Year	0		

Monthly Line Break Log		(water system)	0
Month	0	PWSID	0
Year	0		

Monthly Line Break Log		(water system)	0
Month	0	PWSID	0
Year	0		

Month	0
Year	0

Month	0
Year	0

Month	0
Year	0

Month	0
Year	0

PWSID	0
-------	---

PWSID	0
-------	---

[illegible]

Water Loss-Flushing

[illegible]

Water Loss- Fire Department

Fire Department - Water Usage Report Form

KRS 278.170(3) 807 KAR 5:095 Section 9

Any city, county, urban-county, charter county, fire protection district, or volunteer fire protection district ("User") may withdraw water from the utility's water distribution system for the purpose of fighting fires or training firefighters at no charge on the condition that it maintains estimates of the amount of water used for fire protection and training during the calendar month and reports the amount of this water usage to the utility no later than the 15th day of the following calendar month.

Any city, county, urban-county, charter county, fire protection district, or volunteer fire protection district that withdraws water from the utility's water distribution system for fire protection or training purposes and fails to submit the required report on water usage in a timely manner shall be assessed the cost of this water.

A non-reporting user's usage shall be presumed to be 0.3 percent of the utility's total water sales for the calendar month.

<input type="text"/>						(name of Fire Department)		Month	<input type="text"/>
<input type="text"/>						(name of Water System)		Year	<input type="text"/>
								unit conversion factor	<input type="text" value="29.83"/>
								coefficient value	<input type="text" value="0.95"/>
Date	Hydrant Location and/or Number	Reason Operated	Total Minutes Operated	Nozzle size (typically 2.5 or 4.5)	Pitot Pressure	GPM	Gallons Flowed	Estimated Flow if Pitot not used	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
Total Gallons for Month								<input type="text" value="0"/>	

Water Loss-Board Report

Board and Management Monthly Water Use Report			
Water Utility:	<input type="text" value="0"/>	PWSID:	<input type="text" value="0"/>
For the Month of:	<input type="text" value="0"/>	Year:	<input type="text" value="0"/>
Billing Period:	to		
1	PRODUCTION COST PER THOUSAND	(insert cost)	<input type="text"/>
2	PURCHASE COST PER THOUSAND	(insert cost)	<input type="text"/>
WATER PRODUCED or PURCHASED			GALLONS
3	Water Produced		<input type="text"/>
4	Water Purchased		<input type="text"/>
5	TOTAL PRODUCED AND PURCHASED		0
6	TOTAL COST		
WATER SOLD			
7	Residential		<input type="text"/>
8	Commercial		<input type="text"/>
9	Industrial		<input type="text"/>
10	Bulk Loading Stations		<input type="text"/>
11	Wholesale (other water systems, special contracts, etc.)		<input type="text"/>
12	Public Authorities (fire departments, public pools, parks, etc.)		<input type="text"/>
13	Other Sales (explain)		<input type="text"/>
14	TOTAL WATER SOLD		0
15	TOTAL WATER NOT SOLD		0
BREAKDOWN OF WATER USAGE			
16	Water Treatment Plant		<input type="text"/>
17	Wastewater Treatment Plant		<input type="text"/>
18	System Flushing (routine and complaint flushing)		0
19	DBP Flushing (forced tank overflows and hydrant flushing)		0
20	Fire Department (documented for firefighting and training)		0
21	Other Usage (explain)		<input type="text"/>
22	TOTAL USAGE		0
BREAKDOWN OF WATER LOST			
23	Tank Overflows (other than for DBP maintenance)		<input type="text"/>
24	Main Line Breaks (long term leakage during current month)		0
25	Service Line Breaks (repaired during current month)		0
26	Line Leaks (calculated line leakage, meter inaccuracies, etc.)		<input type="text"/>
27	Excavation Damage Loss (short term leakage)		0
28	Theft (documented)		<input type="text"/>
29	TOTAL DOCUMENTED WATER LOST		0
30	COST OF DOCUMENTED WATER LOST		
"UNKNOWN LOSS" FLOW RATE AND COST:			
31	"Unknown Loss"		0
32	% "Unknown Loss"		
33	(insert billing period dates at top of page) Number of Days in Period		0
34	"Unknown Loss" per Day (Gallons per Day)	#DIV/0!	
35	"Unknown Loss" per Minute (GPM)	#DIV/0!	
36	"Unknown Loss" Cost for Month		
37	WATER LOSS PERCENTAGE FOR PSC RATEMAKING PURPOSES		

Water Loss Report

PUBLIC SERVICE COMMISSION		
Monthly Water Loss Report		
Water Utility:	<input type="text" value="0"/>	PWSID: <input type="text" value="0"/>
For the Month of:	<input type="text" value="0"/>	Year: <input type="text" value="0"/>
LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED AND PURCHASED	
2	Water Produced	<input type="text" value="0"/>
3	Water Purchased	<input type="text" value="0"/>
4	TOTAL PRODUCED AND PURCHASED	<input type="text" value="0"/>
5		
6	WATER SALES	
7	Residential	<input type="text" value="0"/>
8	Commercial	<input type="text" value="0"/>
9	Industrial	<input type="text" value="0"/>
10	Bulk Loading Stations	<input type="text" value="0"/>
11	Wholesale	<input type="text" value="0"/>
12	Public Authorities	<input type="text" value="0"/>
13	Other Sales (explain) <input type="text" value="0"/>	<input type="text" value="0"/>
14	TOTAL WATER SALES	<input type="text" value="0"/>
15		
16	OTHER WATER USED	
17	Utility and/or Water Treatment Plant	<input type="text" value="0"/>
18	Wastewater Plant	<input type="text" value="0"/>
19	System Flushing	<input type="text" value="0"/>
20	Fire Department	<input type="text" value="0"/>
21	Other Usage (explain) <input type="text" value="0"/>	<input type="text" value="0"/>
22	TOTAL OTHER WATER USED	<input type="text" value="0"/>
23		
24	WATER LOSS	
25	Tank Overflows	<input type="text" value="0"/>
26	Line Breaks	<input type="text" value="0"/>
27	Line Leaks	<input type="text" value="0"/>
28	Excavation Damages	<input type="text" value="0"/>
29	Theft	<input type="text" value="0"/>
30	Other Loss (explain) <input type="text" value="Unknown Loss"/>	<input type="text" value="0"/>
31	TOTAL LINE LOSS	<input type="text" value="0"/>
32		
33	Note: Line 14 + Line 22 + Line 31 Must Equal Line 4	
34		
35	WATER LOSS PERCENTAGE	
36	(Line 31 Divided by Line 4)	<input type="text" value="#DIV/0!"/>



Suggestions

- Ensure accurate reporting
- Review and document water loss reduction efforts
- PSC will consider utility requests for surcharges to assist in financing water loss reduction efforts

Deviation

- In special cases for good cause shown the commission may permit deviations from these rules and regulation.
 - Storage requirements
 - Periodic Meter Tests
 - Inspection of Systems

Contact Information

Jason Pennell
j.pennell@krwa.org
270-843-2291



STOLL | KEENON | OGDEN
PLLC

Preparing for a Rate Case

Things to Do or to Avoid Prior to Filing

Tina C. Frederick
Stoll Keenon Ogden PLLC
300 W. Vine Street, Suite 2100
Lexington, Kentucky 40507
Tina.frederick@skofirm.com
(859) 231-3951
August 18, 2025



Order of Presentation

- First Things First
- Why not leave it all to the Rate Consultant?
- Good Habits are **SO** helpful
- Common “sticky” Issues
- What if you (or the PSC) discover a real problem



Get Those Ducks in A Row!

Why?

- Reduce Information Requests
- Avoid Embarrassment
- Possibly preempt an investigation





First Things First

What is a “Rate Case?”

The PSC examines a utility’s current revenues, along with its operations and maintenance expenses, and its debt service requirements, makes adjustments for known and measurable changes in expenses or debt service, and calculates a REVENUE REQUIREMENT.

For Our Purposes:

- *Not* a Purchased Water Adjustment
- *Not* a rate increase pursuant to federally financed construction (KRS 278.023)



First Things First

Revenue Requirement

- The reasonable level of revenue required for a utility to properly operate and maintain its system and meet its financial obligations.
- A revenue requirement provides a basis for determining the amount of revenue to be collected from rates.



Types of Rate Cases

- **General Rate Case**
 - Available to all utilities
 - Requires an attorney to file
 - May use either a future or historical test-year
- **Alternative Rate Filing**
 - Available to utilities having < \$5 Million in Annual Revenues
 - No Attorney required unless a hearing is scheduled
 - Must use prior calendar year as test-year (Historic)



Rate Consultant Who's That?

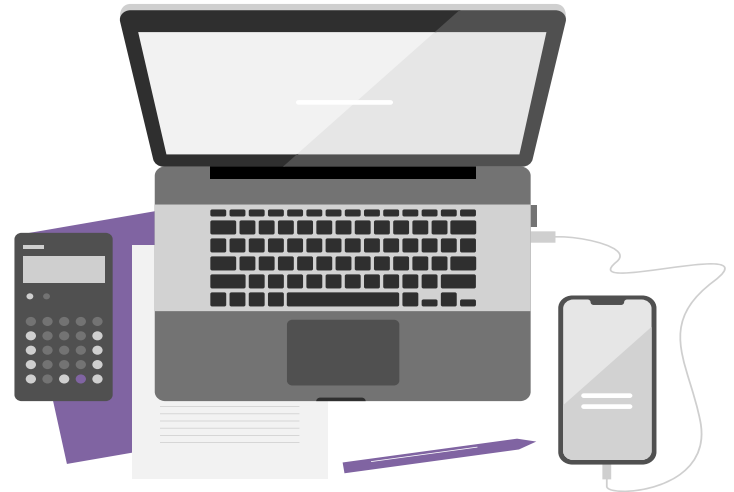
A **Rate Consultant** is a professional with experience in utility rate calculation and accounting procedures.

- Kentucky Rural Water Association
- Engineering Firms
- Kentucky Rural Community Assistance Program



What Does a Rate Consultant Do?

- Reviews records of:
 - Water Sales
 - Other income
 - Late fees collected
 - Interest income
 - Tap fees paid
 - Interest and principal payments
 - Payroll Expenses
 - Health Care expenses
 - Other operations and maintenance expenses
 - Depreciation Expense





What Does a Rate Consultant Do?

Rate Consultants also review a utility's records to identify "Known and Measurable" adjustments that should be made to accurately calculate a utility's revenues and operating expenses, and ultimately, they perform the calculations that produce a Revenue Requirement and distribute it across the rate design.



Why not just hire the Rate Consultant and leave them to do it all?

- Records provide data, but not context
 - If your records are in proper order the rate consultant will know what was spent, but not **why**.
 - The PSC is often interested in why.
- The Rate Consultant does not know your needs or intentions regarding day-to-day operations.

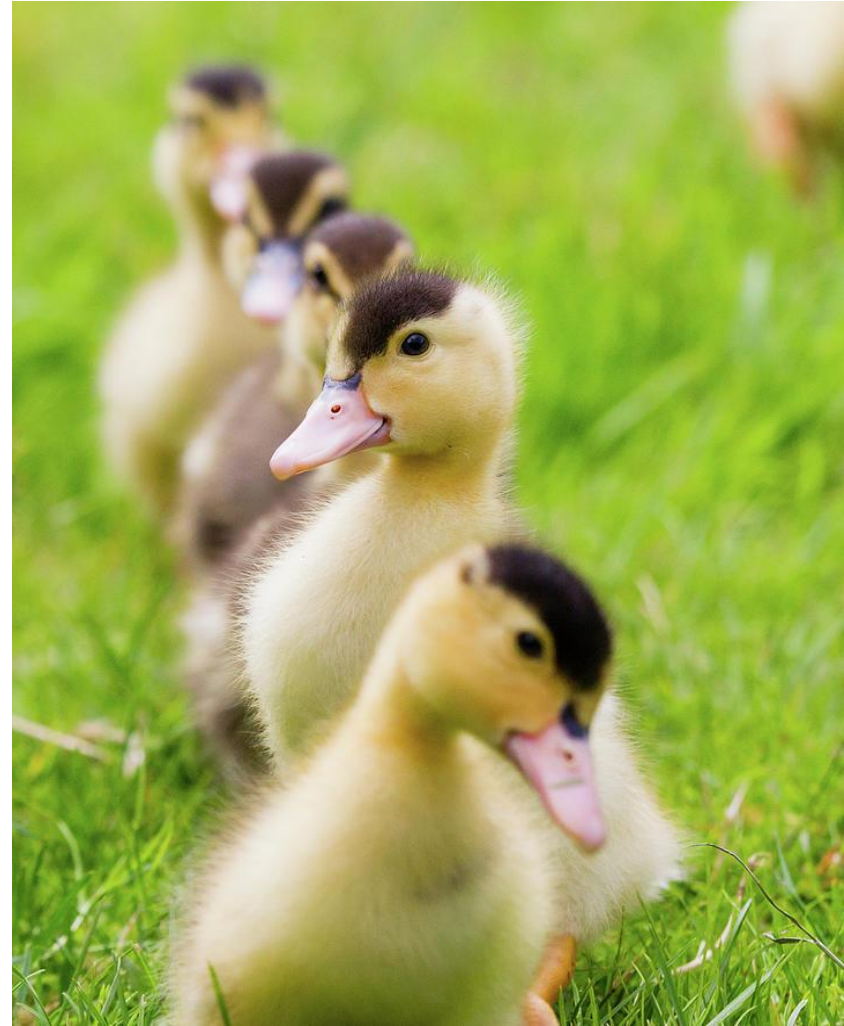




Information Your Rate Consultant Needs

Prior to hiring a Rate Consultant

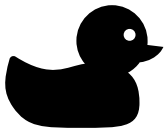
- Review your General Ledger for:
 - Travel/hotel expenses
 - Food and beverage related expenses
 - Any expenses due to honorary or remembrance events
 - Any amounts paid for clearly non-recoverable items such as donations or scholarships





Why Is This Important

- Adjustments can be made before filing
 - Remove clearly non-recoverable items/amounts
 - Correctly categorize recoverable expenses
 - Enables clear explanation of adjustments





Information Your Rate Consultant Needs

Prepare a spreadsheet, table, or narrative document providing:

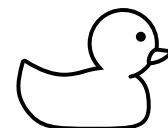
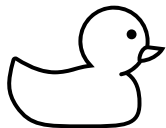
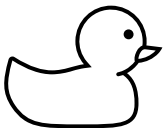
- The location of the expense in the general ledger and date it was incurred
- Whether the utility considers the expense recoverable
- A detailed explanation concerning the purpose of the expense regardless of its recoverability, but include the business purpose if it is recoverable





Information Your Rate Consultant Needs

- Inform your Rate Consultant of any unfilled open positions
- If you believe your utility needs additional employees, share this with your Rate Consultant and explain why





Good Habits!

The time to cultivate good habits is **LONG** before you file a Rate Case. Here are a few good habits to start **TODAY**.

- Board Meeting Minutes
 - Include reports of positive things
 - State clearly who was in attendance
 - Close attention to recusals
 - State who made and who seconded motions
 - If a vote is not unanimous or if someone abstained, state it clearly



Good Habits!

Board Meeting Minutes Cont'd

- Don't include the names of customers or employees who are discussed at Board Meetings, but refer to them by address or other generality
- Do include the name and title of guests making presentations to the Board
- Don't forget to sign the Minutes once they are approved by the Board at the next meeting



Good Habits!

- Resolutions
- Written Policies
- Avoid related-party transactions
 - If they can't be avoided, document reasonableness, fairness to the utility, and any benefits
- Consider alternatives to non-recoverable spending



“Sticky” Issues

- Excessive or repeated non-recoverable expenses
- Related-party transactions
 - Involving Board members
 - Involving employees
 - Involving Businesses (Employee/Family Member)
- Failure to follow tariff
- Failure to follow statutes or regulations
- Failure to follow Commission Order or previous guidance



What If There Is A Real Problem?

“Problems”

- Hearing Scheduled in an ARF
- Investigation Opened
 - Unapproved debt
 - failure to follow
 - Tariff
 - Commission Order



What If There Is A Real Problem?

- Don't Panic
- Don't Resign
- Do **STOP** the behavior or practice that caused the problem
- Do seek appropriate, professional assistance before taking further action



What If There Is A Real Problem?

- Be honest and candid in all communication with the PSC
- Timely file all Responses
- Follow all Commission Orders and guidance
- Consider adopting written policies to avoid the problem in the future



Questions?



Recovery From Financial Devastation: Sewerage & Water Board of New Orleans After Hurricane Katrina

**NO WATER...
NO SEWER...
NO DRAINAGE...
NO NEW ORLEANS.**

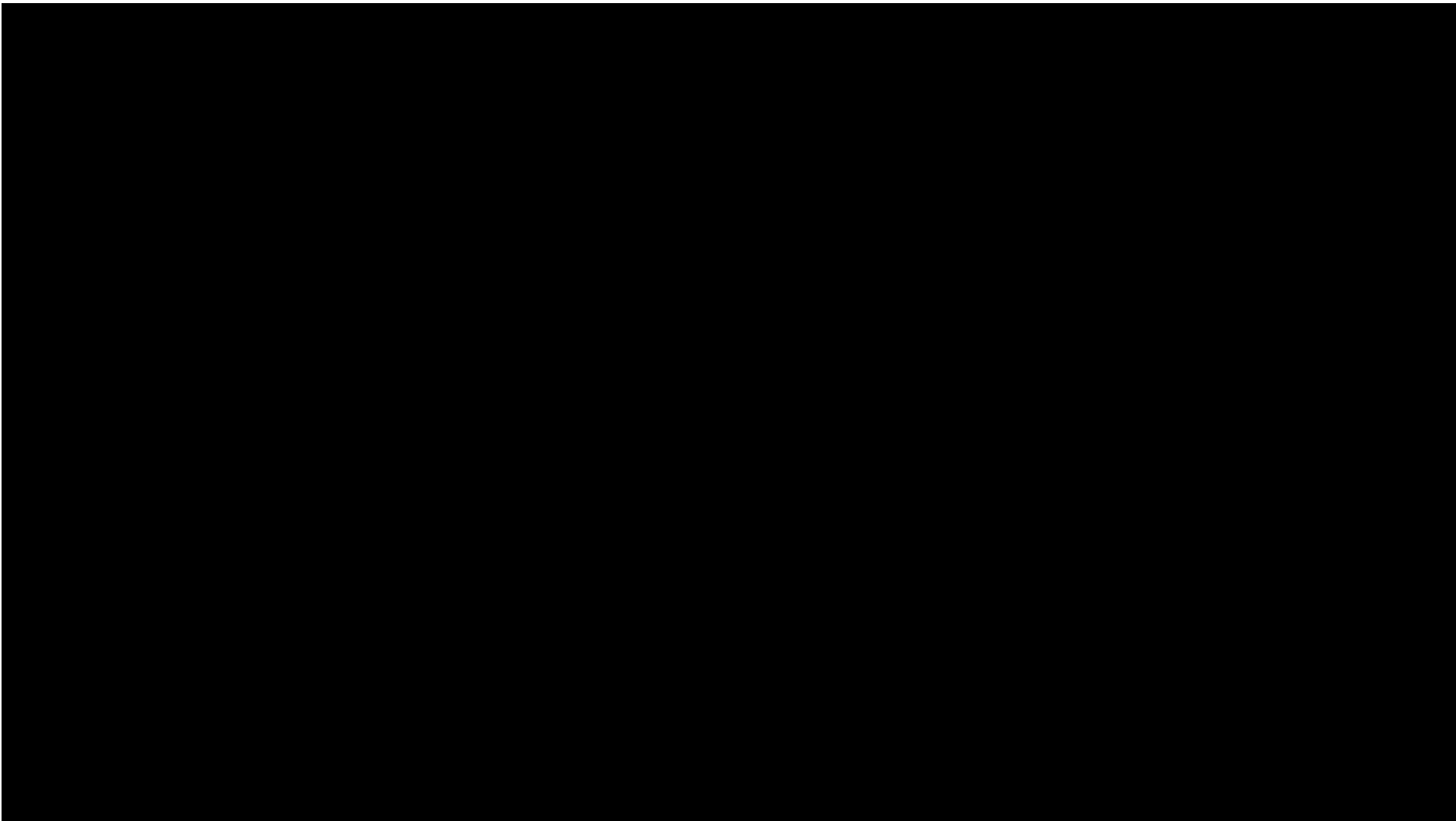


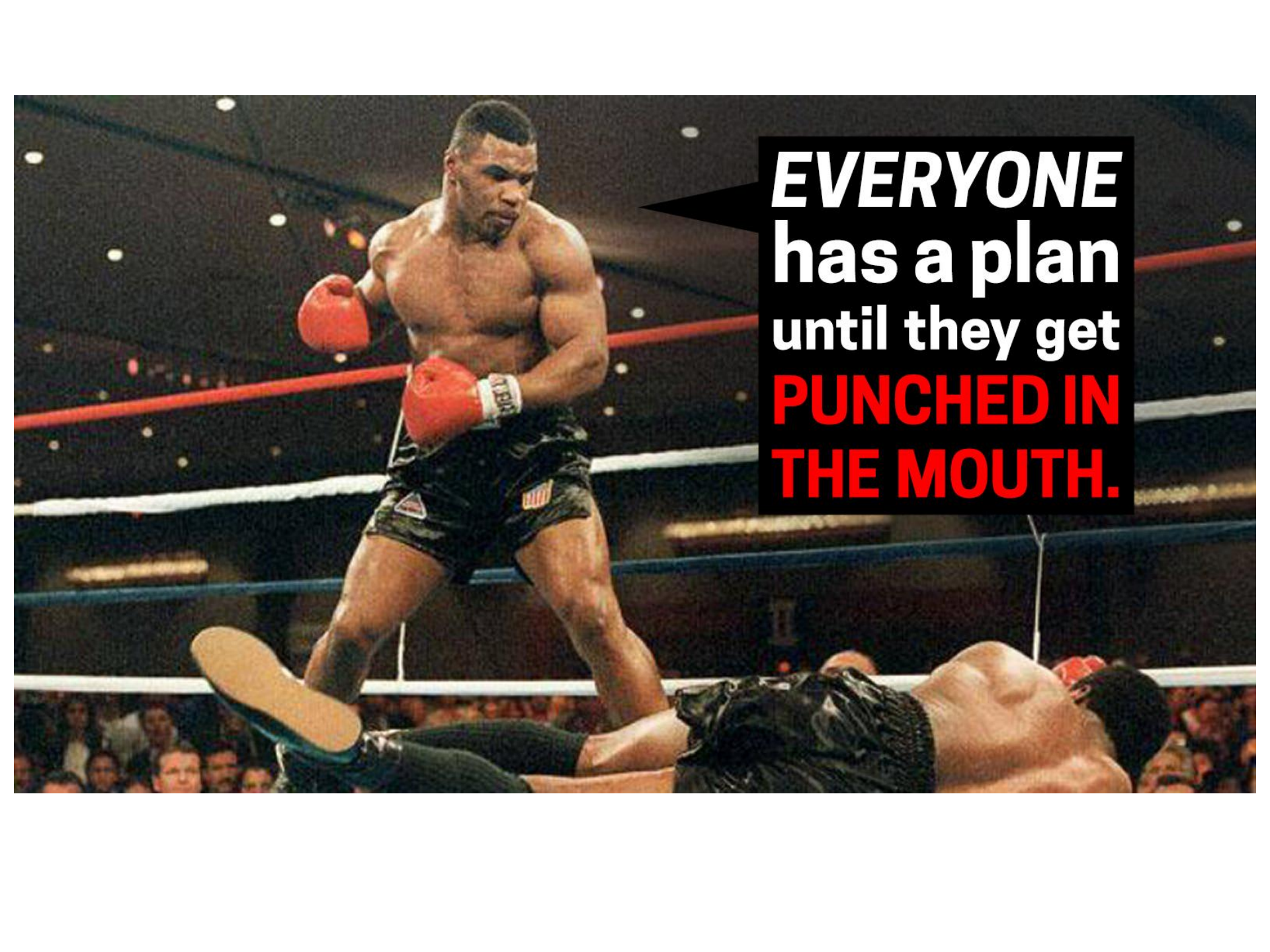
Robert K. Miller
Kentucky Rural Water Association
Straightline Kentucky LLC

Dedication

This presentation is dedicated to the employees of Sewerage and Water Board of New Orleans for their efforts to return the utility to service following the devastation from Hurricane Katrina.





A scene from the movie Rocky. Rocky Balboa, played by Sylvester Stallone, is standing in a boxing ring, looking down at his opponent who is lying on the canvas. Rocky is wearing red boxing gloves and black trunks with an American flag patch. The background shows a crowd of spectators in a dimly lit arena.

EVERYONE
has a plan
until they get
PUNCHED IN
THE MOUTH.



Background

August 29, 2005

“New Orleans will forever exist as two cities: The one that existed before that date, and the one after.”

Destruction





Devastation

Hurricane Katrina made landfall in Southeastern Louisiana, with storm surge overwhelming the federal levee system and destroying 80% of New Orleans with floodwaters.

Recovery Begins



Financial Challenges, Key Stakeholders, Critical Assistance and Improvised Solutions

Challenge: Liquidity Diminished

Emergency expenditures totaling more than \$60 million were authorized in the weeks following Katrina, depleting cash reserves.



Challenge: Bonds Downgraded



Stk	Last	Chg	Pct. Change	Year Pct. Chg	Vol
AT	38 1/4	+ 1/4	+ 0.2		
BA	7 1/2				
BB	4 1/4	- 1/4	- 0.1		
BBB	7 1/4	+ 1/4	+ 0.4		
BBB	6 1/4	- 1/4	- 0.4		
BBB	4 1/4	+ 1/4	+ 0.4		
BBB	4 1/4	- 1/4	- 0.1		

Stk	Last	Chg	Pct. Change	Year Pct. Chg	Vol
AT	38 1/4	+ 1/4	+ 0.2		
BA	7 1/2				
BB	4 1/4	- 1/4	- 0.1		
BBB	7 1/4	+ 1/4	+ 0.4		
BBB	6 1/4	- 1/4	- 0.4		
BBB	4 1/4	+ 1/4	+ 0.4		
BBB	4 1/4	- 1/4	- 0.1		

Revenue bonds were quickly downgraded to near “junk” status due to concerns about ability to meet debt service payments.

Challenge: Cash Flow Disrupted



Lack of utilities (water, sewer, electricity) required immediate evacuation of remaining population.

Challenge: Time Between Expenditures and FEMA Reimbursements





Stakeholders: Vendors

Primary providers of construction services and materials wanted to know about recovery projects and reimbursement timelines.

Stakeholders: Rating Agencies



Rating agencies and bond trustees were interested in immediate (likelihood of next debt service payments) and future (multi-year forecasts) impacts.

Stakeholders: Elected Officials

Federal, state, and local elected officials wanted to be engaged in identifying and pursuing opportunities for recovery funding.



Stakeholders:

FEMA Processes



FEMA regulations and processes needed to be adhered to for prior approval of expenditures, proper documentation, and auditing of projects.

Stakeholders:

Citizens, Businesses, and Media

Citizens, business and the media needed to be informed of the situation and to understand the magnitude of the effort.



Assistance: Operating Funds



Operating funds were provided by FEMA
Special Community Disaster Loans.

Assistance: Debt Service Funds

Committee on Ways and Means

H.R. 4440, *THE GULF OPPORTUNITY ZONE ACT OF 2005, as Amended by the Senate*

TITLE I: GULF OPPORTUNITY ZONE TAX INCENTIVES

Creates a "Gulf Opportunity (GO) Zone" (the "Zone") comprised of the counties and parishes in Louisiana, Mississippi and Alabama that were designated as warranting individual or public and individual assistance by reason of Hurricane Katrina. The bill creates tax incentives to help revitalize and rebuild communities in the Zone.

Housing

- **Increases incentives to rebuild housing.** Expands the allocation and size of the low-income housing tax credit in the Zone.
 - ⇒ Provides an emergency allocation of low-income housing tax credits in 2006, 2007 and 2008. The emergency allocation is \$18.00 multiplied by each State's population in the Zone (based on 2004 Census estimates). This amount is more than nine times larger than the current-law allocation of \$1.90 per capita. The increased allocation must be used to build housing in the Zone and may not be carried forward from year to year. In addition, a further allocation of low-income housing tax credits in the amount of \$3.5 million is provided to both Texas and Florida in 2006.
 - ⇒ Increases the size of the credit from 100 percent of qualifying project costs to 130 percent of such costs by designating the GO Zone, Rita Zone and Wilma Zone each as a "Difficult Development Area" in 2006, 2007 and 2008. The increased credit would also apply to historic buildings, which are already eligible for the Rehabilitation Credit under current law.
 - ⇒ The operator of a qualified residential rental project may rely on the representations of prospective tenants displaced by reason of Hurricane Katrina for purposes of determining whether such individuals satisfy the income limitations for qualified residential rental projects. This rule only applies if the individual's tenancy begins during the six-month period beginning on the date when such individual was displaced by Hurricane Katrina.
- **Increases the Rehabilitation Tax Credit to help restore commercial buildings.** Increases the credit from 10 percent of qualified expenditures to 13 percent for qualified rehabilitated buildings in the Zone. The credit is increased from 20 percent to 26 percent for certified historic structures. This provision applies to qualifying expenses incurred through December 31, 2008.

Debt service payments were made with funds from Gulf Opportunity Zone Loan.

Assistance: GOSHEP Funds for FEMA Cash Flow



The State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness provided a \$100 million revolving loan to fund projects to be reimbursed from FEMA.

Improvised Solutions: Making Payroll

Monitored cash flow to ensure ability to make payroll every time. And required direct deposit.



Improvised Solutions: Ensuring Customer Service

Kept customer service in focus because with fewer resources, internal coordination and external customer service were strained.



Improvised Solutions: Keep Billing

Continued billing using estimated readings to supplement actual readings.



Improvised Solutions: Cut Expenses



Eliminated all activities and expenses that could be cut for five to seven years.

Improvised Solutions: File Insurance Claims



Ensured all insurance policies were reviewed for possible claim opportunities.

Improvised Solutions: Long-Term Financial Plans



Focus on long-term sustainability

- Target liquidity
- Debt service coverage
- O&M adequacy
- Full funding of capital program
- Bond rating

Improvised Solutions: Long-Term Rate Increases

Demand patterns have been disrupted, number of customers and businesses have been reduced, and significant future rate increases will have a drag on future demand.

Sewerage and Water Board of New Orleans

625 Saint Joseph St.
New Orleans, LA 70165-6501
529-2637 TDD 585-2460
www.vsbno.org

Amount Due \$ 129.94
Late Payment \$ 141.58
PAST DUE BALANCE
Service for 1111 ALABAMA STREET Account 115468-02-0

CUSTOMER
11111 BROOKSTER STREET
SPRING TX 77379-7360

Reading Date	Reading (100)	Bill Type	Water Usage (100 gal)	Number of Days Usage	Ave Usage/Day (100 gal)
THIS BILL 05/01/07	4,800	R	198.0	22	9.00
Last Bill 04/09/07	4,602	E	0.0	40	0.00
Last Year 05/30/06	4,052	E	0.0	56	0.00

Meter	Size	Class
A203B15	5/8"	RESIDENTIAL

Previous Bill	(-) Payments Thru 05/09/07	(*) Adjustments	(*) Late Fees	(-) Balance Forward
0.00	0.00	0.00	0.00	000.00

Sewerage and Water Board		City of New Orleans	
WATER USAGE \$2.31 / 1000 GAL	45.74	CITY SANITATION CHARGE	.00
WATER SERVICE CHARGE	3.50		
CITY SALES TAX 2.50%	1.23		
SEWER VOLUME CHARGE \$4.04 / 1000 GAL	67.87		
SEWER SERVICE CHARGE	11.60		
25.0% of the above sewer charges provides funding to comply with the Federal Consent Decree between the S&WB and the Environmental Protection Agency.			
S&WB CURRENT CHARGES	129.94	CITY CURRENT CHARGES	.00
S&WB BALANCE FORWARD	0.00	CITY BALANCE FORWARD	00.00
S&WB TOTAL	129.94	CITY TOTAL	00.00
Total S&WB and City		129.94	

Detach here and return with your payment

Sewerage and Water Board of New Orleans

Please Pay \$ 129.94	PLEASE UPDATE YOUR MAILING ADDRESS USING THE FORM ON THE BACK OF THIS BILL.
By MAY. 31, 2007	PLEASE ADD \$1.00 TO YOUR PAYMENT FOR WATER HELP.
Late Payment \$ 141.58	Account 111111-02-0
PAST DUE BALANCE	1111 ALABAMA STREET
Amount Paid	

01502 161111110

0 1015021111102000012994 0715100012994 5

Improvised Solutions: Stakeholder Involvement

Create a sense of shared destiny.



Contact Information

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Kentucky Rural Water Association

Straightline Kentucky LLC

bob.miller@straightlineky.com