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June 27, 2016

Parties of Record

Re: Case No. 2015-00418

Attached is a copy of a memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum, please do so within five days of receipt of this letter. Any questions regarding this memorandum should be directed to David Spenard, Commission Staff Attorney, at (502) 782-2580.

Sincerely,

A handwritten signature in blue ink that reads "Aaron D. Greenwell".

Aaron D. Greenwell  
Acting Executive Director

DES/ph

Enclosure

**INTRA-AGENCY MEMORANDUM**  
**KENTUCKY PUBLIC SERVICE COMMISSION**

TO: Main Case File 2015-00418

FROM: Aaron D. Greenwell, Acting Executive Director

DATE: June 27, 2016

SUBJECT: June 17, 2016 Engineering Staff Meeting with Kentucky-American Water Company to Discuss Issues Related to Inspection Requirements Pursuant to 807 KAR 5:066, Section 26(6)(b) and Staff's Inspections of Kentucky-American Water Company's Central Division Water Facilities, Millersburg Water Facilities, Millersburg Wastewater Facilities, Owenton Wastewater Facilities, and Rockwell Wastewater Facilities.

On Friday, June 17, 2016, Mark Rasche, P.E., a member of Commission Staff ("Staff") who is assigned to Case No. 2015-00418, met with four representatives of Kentucky-American Water Company ("KAWC"). Mr. Rasche serves as the Branch Manager of the Water and Sewer Branch within the Commission's Division of Engineering, and, in this role, Mr. Rasche supervises the members of Staff who conduct periodic inspections of KAWC's water and wastewater facilities. The representatives of KAWC were Justin Sensabaugh, Cody Brenneman, Jarold Jackson, and David Shehee. The meeting took place at the Commission's Offices at 211 Sower Boulevard, Frankfort, Kentucky. No other members of Staff participated in the meeting. The purpose of the meeting was to discuss issues related to the inspection requirements of 807 KAR 5:066, Section 26(6)(b) and Staff's inspections of KAWC's three wastewater facilities and two KAWC water facilities.

Staff and KAWC discussed Staff's most recent inspection reports for KAWC's Millersburg (dated July 1, 2015), Owenton (dated June 30, 2015), and Rockwell (dated July 1, 2015) wastewater facilities. KAWC had questions regarding 807 KAR 5:006, Section 26(6)(b) as it pertains to the inspection of mechanical equipment, specifically pump stations, on a daily basis. No deficiencies were noted on the wastewater inspections. Staff noted that only the Commission may grant a deviation from the Commission's administrative regulations. KAWC indicated that it was planning on seeking a deviation with respect to 807 KAR 5:006, Section 26(6)(b) with regard to its wastewater facilities. KAWC is not seeking to an adjustment in sewer rates in Case No. 2015-00418.

Staff and KAWC discussed inspection-related issues for Staff's most recent inspections for KAWC's Millersburg and Central Division water facilities. These inspections took place on April 27 and 28, 2016. The inspections were routine inspections and were not inspections conducted as part of or as a result of KAWC's

application for an adjustment in water rates which is pending as Case No. 2015-00418. Further, Staff has not yet issued a report for either of these inspections. KAWC had questions regarding 807 KAR 5:006, Section 26(6)(b) as it pertains to the inspection of meters and valves. KAWC also discussed valve placement including the requirements of the Ten State Standards.

During the discussions, KAWC did not provide an indication as to what other deviations KAWC might seek. Staff noted that KAWC would need to separately apply for any water and wastewater deviations.

There being no other business, the meeting was adjourned.

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