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Talina R. Mathews
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March 22, 2021

PARTIES OF RECORD

Re: Case No. 2020-00386

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

If you have any questions, please contact Brittany H. Koenig, Staff Attorney at Brittany.Koenig@ky.gov.

Sincerely,

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

Linda C. Bridwell
Executive Director

BHK

Attachment

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2020-00386

FROM: Brittany Koenig, Staff Attorney

DATE: March 22, 2021

RE: Informal Conference of March 10, 2021

Pursuant to Commission Staff's (Staff) Notice of Informal Conference (IC) filed into the record on March 8, 2021, an IC was held in this matter on March 10, 2021 via video conference. Shannon Elam, General Manager of Morgan Water District (Morgan District) and Brian Wells, a board member, participated on behalf of Morgan District. Chernell Holbrook, an employee of Morgan District, and Alan Vilines, of Kentucky Rural Water Association (KRWA), attended on behalf of Morgan District. Erica Stegman and Randy Jones, counsel for Morgan District, participated in the conference with Commission Staff (Staff). Paul Nesbitt of Nesbitt Engineering participated on behalf of Morgan District, as well. Erin Donges, Roy Gray, Ariel Miller, Sam Reid, Jason Green, Jennifer Fell and Brittany Koenig participated on behalf of the Commission.

Ms. Koenig began the meeting by advising representatives of Morgan District that notes would be taken during the conference and that Staff would prepare and enter into the record a memorandum regarding the conference. Ms. Koenig further advised that the parties would have five days after the memorandum is entered into the record to file comments on the memorandum.

Staff began by explaining the data requests that will be entered because the utility has not provided the required materials for financial analysis of the utility's rates. Commission Staff Financial Analyst Ariel Miller explained that Staff will be requesting a depreciation schedule that includes what equipment or leased trucks the utility has and includes the utility's water lines. Staff requested an asset ledger that includes the interest payments, as well. Ms. Miller requested the Rural Development Bond Payment Schedule and explanation for why the bond resolutions are not signed. Finally, Ms. Miller requested information on Case No. 2021-00022, Morgan District's KRS 278.023 filing to refinance a loan from Kentucky Rural Water Finance Company. Mr. Jones, Morgan District's counsel for the finance case, explained new information that that loan could not be refinanced until 2026. Mr. Jones requested Staff stop the Commission Order set to go out if possible until the utility could get more information.

Staff shifted the subject matter to Morgan District's submissions to comply with the November 22, 2019 Order in Case No. 2019-00041. Mr. Elam explained that the utility has six master meters and that he has focused on asset management since becoming the general manager. He was formerly the chair of its board of directors. Mr. Elam has

implemented GPS to map the system thoroughly with the help of KRWA. Morgan District's plan is to purchase a test bench. Mr. Elam is developing a 10-year plan to track and replace meters on schedule. Staff requested a copy of that plan. Morgan District has dedicated more personnel to leak detection and they have used acoustics and online videos to assist in that effort. During the past ice storm and flood soon after, the utility had eight line breaks and four tanks losing water, however Mr. Elam thought that it went much smoother than in the past because they could identify a leak much quicker.

Covid-19 had a big impact on Morgan District's small staff of three. Mr. Elam explained that the utility has mapped 90% of its valves, updated policies, focused on water loss throughout its daily processes and at board meetings, and detailed its asset management in response to Case No. 2019-00041.

There being no further business, the informal conference adjourned.

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Kentucky Rural Water Association
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*Shannon Elam
General Manager
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