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**Kent A. Chandler**  
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Vice Chairman

**Marianne Butler**  
Commissioner

September 20, 2021

## PARTIES OF RECORD

Re: Case No. 2021-00150

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 502-782-2591 or at [Brittany.Koenig@ky.gov](mailto: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. 2021-00150, ELECTRONIC CAWOOD WATER DISTRICT'S UNACCOUNTED-FOR WATER LOSS REDUCTION PLAN, SURCHARGE AND MONITORING

**FROM:** Brittany Koenig, Staff Attorney

**DATE:** September 16, 2021

**RE:** Informal Conference of September 16, 2021

Pursuant to Commission Staff's (Staff) Notice of Informal Conference (IC) filed into the record on September 7, 2021, an IC was held in this matter on September 16, 2021 via video conference. Ronnie Williams, General Manager, Tim Rice, Board Member, Mark David Goss, counsel and Kenneth Taylor of Kenvirons, Inc. participated on behalf of Cawood Water District (Cawood District). Ariel Miller, Eddie Beavers, Erin Donges, Andrew Bowker, and Brittany Koenig participated on behalf of the Commission.

Ms. Koenig began the meeting by advising the participants that Staff can never speak for the Commission and the Commission only speaks through its Orders. She also advised representatives of Cawood 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 participants would have five days after the memorandum is entered into the record to file comments on the memorandum.

Staff referred to an agenda circulated earlier that listed the items for discussion as follows:

1. Reporting requirements for this surcharge monitoring case.
2. Discussion regarding utility's water loss reduction effort.
3. Update regarding the current financial and operational status of utility.
4. Discussion regarding the capital improvement plan and any professional assistance available to the utility.
5. Discussion of processes and any further questions for Staff or utility.

Staff noted that Cawood District has met the requirement deadline of filing by the 15<sup>th</sup> of each month. Staff asked if there was a set procedure in place to prepare the monthly reports and confirmed that it is not an issue to file the reports on any day of the month prior to the 15<sup>th</sup>. Staff noted the water loss reports filed show that water loss has been reduced. Mr. Williams and Mr. Rice confirmed that the efforts made by the utility to reduce water loss are showing positive results. Mr. Williams and Mr. Rice updated Staff that the

utility is in good standing financially and operationally, despite turnover with some employees.

Staff was concerned about the level of detail of the infrastructure improvement plan submitted by the utility, Staff explained that the utility could benefit from a consulting engineer to assist the utility create a plan for capital improvements. The requirements of the April 8, 2021 Order require the utility to submit a qualified infrastructure improvement plan, which should include a comprehensive unaccounted-for water loss reduction plan that establishes priorities and a schedule for eliminating each source of unaccounted-for water loss and provides a detailed spending plan for the proceeds of a surcharge. Cawood District representatives shared they had been speaking with Kenneth Taylor of Kenvirons, Inc. and Mr. Taylor joined the meeting a few minutes into the conference. Staff advised that an example of a detailed plan can be found in Case No. 2019-00119, Electronic Application of Estill County Water District No. 1 for a Surcharge to Finance Water Loss Control Efforts, (Ky. PSC Jul.28, 2020).

Mr. Goss confirmed that the utility should work on revising the qualified infrastructure improvement plan with help from a professional consultant and that the utility should file a verified motion in this case to request surcharge funds to assist with engaging a professional consultant to help the utility set up a water-loss reduction plan, timeline, and priorities as part of its qualified infrastructure improvement plan.

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