

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF ROWAN)	CASE NO.
WATER, INC. FOR APPROVAL OF WATER)	2023-00370
TRAINING)	

ORDER

On November 15, 2023, Rowan Water, Inc. (Rowan Water) filed an application for approval and accreditation, pursuant to KRS 74.020(6) and (7) and 807 KAR 5:070, for the proposed water district management training titled *Rowan Water Director Training Sessions 1 & 2* (Training Program). The Training Program is scheduled to take place for six hours in two sessions with the first session scheduled to take place on December 13, 2023, at Rowan Water's Office in Morehead, Kentucky and the second session to be scheduled for late December 2023 or January of 2024. Having reviewed the Rowan Water's request and being otherwise sufficiently advised, the Commission approves the Training Program to satisfy the six hours of training described by KRS 74.020(6) and (7), subject to the conditions discussed below. Rowan Water did not request the Training Program be approved and accredited to satisfy any portion of the 12 hours of initial training for newly appointed commissioners required by KRS 74.020(8).

DESCRIPTION OF TRAINING PROGRAM

Session 1 of The Training Program will be conducted in person on December 13, 2023, at Rowan Water's Office in Morehead, Kentucky. Session 2 of the Training Program will be conducted in person in late December 2023 or in January of 2024 at

Rowan Water's Office in Morehead, Kentucky. Rowan Water indicated that the Training Program will consist of the following presentations:

Session 1:

1. Utility Regulatory Requirements (1 hour): This presentation will provide an overview of Kentucky utility statutes and regulations, including a discussion of Commission authority, rates, types of rate cases, certificates of public convenience and necessity (CPCN), and financing requirements.

2. Commission Orders and Update (0.5 hour): This presentation will discuss the types of cases heard by the Commission, how cases are initiated, and significant cases relating to water utilities. Additionally, the presentation will include a discussion of Commission decisions and changes in relevant legislation for water utilities.

3. Notes for Regulatory Practice/Review (.5 hour): This presentation will provide a general outline of regulatory requirements regarding keeping contact information updated with the Commission and review of possible civil penalties for violations of KRS Chapter 278, Commission Regulations, and Orders. The presentation will also discuss requirements of Annual reports and a water utilities' statutory obligation to seek approval for financing.

4. Ethics in Leadership-Board Operations (1 hour): This presentation includes a discussion of ethics laws and the statutory provisions addressing the standards of conduct for water district directors and officers of nonprofit water associations. The presentation will also address board of directors' operations, open meetings requirements, record-keeping requirements, and policy changes that can support regulatory compliance.

Session 2:

1. Regulatory Compliance II-Board & Rate Cases (1 hour): This presentation includes an overview of board responsibilities and a more in-depth review of rate case considerations. Topics include codes of ethics, keeping meeting minutes, avoiding self-dealing, and board member compensation.

2. Commission Orders and Updates II (.5 hour): This presentation includes a discussion of recent orders regarding financing, CPCNs, board compensation, and rate cases. The presentation will also discuss the importance of keeping up with new Commission Orders.

3. Regulatory Compliance II-Tariffs & CPCN (1 hour): This presentation is a continuation of Notes for Regulatory Practice/Review presentation discussed above. The presentation will focus on the duty to follow the tariff, filed rate doctrine, and general tariff requirements and regulations. A discussion regarding Kentucky's underground facilities protection laws will also be included. Information regarding CPCNs and filing requirements will also be included.

4. Regulatory Compliance Goals (.5 hour): This presentation will present recent case scenarios of water districts called before the Commission to show cause as to why they should not be fined for behavior in violation of statutes and investigations of districts. The presentation will address eliminating long-held practices that have led to statutory violations, implementing policies to guard against political pressures, and structuring office management to implement basic business practices to meet regulatory requirements.

The presenters at the Training Program will be attorneys from Honaker Law Office, PLLC, Allyson Honaker and Brittany Koenig. Rowan Water indicated that Ms. Honaker and Ms. Koenig both previously worked as attorneys for the Commission and have extensive experience practicing before the Commission.

DISCUSSION

KRS Chapter 74 authorizes the creation of water districts for the purpose of operating drinking water facilities and wastewater treatment and collection facilities. Water districts organized under KRS Chapter 74 must be administered by a board of commissioners that shall control and manage the affairs of the district.¹ KRS 74.020(8) requires each newly appointed water district commissioner to complete 12 instructional hours of training regarding the laws governing the management and operation of water districts, and other subjects as determined appropriate by the Commission within 12 months of the commissioners' initial appointment.² KRS 74.020(6) and (7) encourage water district commissioners to complete six instructional hours of "water district management training approved by the Public Service Commission" in each calendar year by allowing the commissioners to receive a raise if they complete the training each year.

Rowan Water indicates that it is seeking to have the Training Program approved to satisfy six hours of annual training necessary for water district commissioners to satisfy KRS 74.020(6) and (7), but it is not seeking to have it approved to satisfy the initial training requirements of KRS 74.020(8). The Commission has discretion in approving "water district management training" offered by third parties to satisfy the six hours of subsequent

¹ KRS 74.020(1).

² KRS 74.020(8)(b) (discussing the training requirements for new water district commissioners).

training described in KRS 74.020(6) and (7) if it determines that the programs are “high quality” and “will enhance a water district commissioner’s understanding of his or her responsibilities and duties.”³ However, third parties applying for approval of a proposed water district commissioner training program must file their applications, including a detailed description of the program, a description of the qualifications of any presenters, and a copy of the written materials to be distributed at the program among other things, 30 days prior to the first date on which the program is to be offered.⁴

Rowan Water provided the information required by 807 KAR 5:070 and the Commission’s Order in Case No. 2018-00085 in a timely manner. The Training Program also covers topics that will be relevant and useful to water district commissioners. Moreover, the presenters appear to have knowledge of the topics they intend to discuss, and based on a review of the materials provided, the Training Program appears to be well developed and of a high quality.

The Commission finds that the Training Program will provide water district commissioners relevant and useful knowledge that will enhance the quality, management, operation, or maintenance of the water systems they operate, and therefore the Training Program should be conditionally approved to satisfy the training requirements set forth in KRS 74.020(6) and (7) or a portion thereof.

³ See KRS 74.020(7)(c) (stating that the Commission “shall encourage and promote the offering of high-quality water district management training programs that enhance a water district commissioner’s understanding of his or her responsibilities and duties”).

⁴ Case No. 2018-00085, *Review of Training Required and Authorized by KRS 74.020 for the Commission of Water Districts* (Ky. PSC Mar. 15, 2018), Order at 4–5.

IT IS THEREFORE ORDERED that:

1. Rowan Water's Training Program scheduled to take place on December 13, 2023, and either in late December of 2023 or January of 2024 is hereby conditionally approved and accredited for up to six hours of annual water district management training for water district commissioners seeking to satisfy training requirements set forth in KRS 74.020(6) and (7).

2. Rowan Water's Training Program may not be used by water district commissioners seeking to satisfy any portion of the initial training requirement for water district commissioners required by KRS 74.020(8).

3. Rowan Water shall retain a record of all water district commissioners attending the Training Program.

4. No later than 45 days after each scheduled offering of the Training Program, Rowan Water shall file with the Commission:

a. A sworn statement attesting that the accredited instruction was performed, including a statement that the materials regarding each session were distributed as required by the Commission herein;

b. A description of any changes in the presenters or proposed curriculum that occurred after the application;

c. The name of each attending water district commissioner, his or her water district, the number of hours that he or she attended; and


d. A copy of any written material given to water district commissioners attending the sessions that was not previously provided to the Commission.

5. Upon receipt of the materials identified in paragraph 4 and provided there are no material changes to the program, the Commission shall issue a final order approving and accrediting the Training Program.

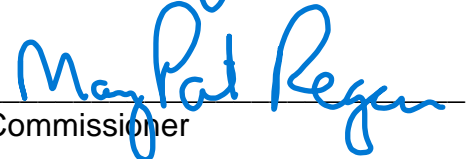
6. Rowan Water shall permit a representative of the Commission to attend the Training Program at the Commission's discretion, without charge, to assess compliance with this Order or the quality of instruction for any other purpose deemed necessary by the Commission.

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PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
DEC 05 2023
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KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


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