

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF ROWAN	)	CASE NO.
WATER, INC. FOR APPROVAL OF WATER	)	2024-00103
TRAINING	)	

ORDER

On April 29, 2024,<sup>1</sup> Rowan Water Inc. (Rowan Water) and Honaker Law Office, PLLC (collectively, Joint Applicants) 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 Summer Training* (Training Program)<sup>2</sup> scheduled to take place in person on August 20–21, 2024, at Rowan Water’s office in Morehead, Kentucky.<sup>3</sup> On July 5, 2024, Joint Applicants requested that an order in this matter be issued at the earliest possible date so that the Joint Applicants may prepare to host the training, confirm event materials, food, and space, and register attendees.<sup>4</sup>

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<sup>1</sup> Joint Applicants tendered their application on April 15, 2024. By letter dated April 23, 2024, the application was rejected for filing deficiencies. The deficiencies were subsequently cured, and the application was deemed filed on April 29, 2024.

<sup>2</sup> Application at 2.

<sup>3</sup> Application at 2.

<sup>4</sup> Joint Applicants’ Request for Decision (filed on July 5, 2024) at 2.

## DESCRIPTION OF THE TRAINING PROGRAM

Joint Applicants stated that the Training Program was developed to follow the recommendations in Case No. 2019-00041<sup>5</sup> and the Commission's decisions that prioritize training for directors' duty to maintain the financial, managerial, and technical integrity of the utility; and encouraged discussions with neighboring utilities to coordinate buying materials in bulk, as well as sharing management, equipment, and resources.<sup>6</sup> Joint Applicants provided the agenda, slides, and biographical information for the speakers. The proposed Training Program consists of the following sessions:

### August 20, 2024

1. Round Table Discussions with Managers from Area Utilities (1 hour): This presentation proposed a discussion regarding common issues and solutions with utility managers from Rowan Water; Bath County Water District; Judy Water Association; West Liberty Water Company; Olive Hill Utilities; Fleming County Water Association; and Morgan County Water District.<sup>7</sup> The round table discussion will also address shared concerns unique to utilities neighboring Rowan Water due to specific terrain, common problems developing the utility workforce, and planning for succession.<sup>8</sup> Joint Applicants stated that day one's discussion topics are regulatory compliance related to common management issues and discussion of solutions regarding (1) shared management techniques; (2) the possibility of sharing or leasing equipment together for neighboring

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<sup>5</sup> Case No. 2019-00041, *Investigation Into Excessive Water Loss by Kentucky's Jurisdictional Water Utilities*.

<sup>6</sup> Application at 2–3.

<sup>7</sup> Application at 3.

<sup>8</sup> Application at 3.

utilities; (3) best practices in customer communication; and (4) succession planning.<sup>9</sup> Joint Applicants stated that this round table has been developed in light of the Commission's recent comments in water utility hearings and Staff's information requests that inquire whether water utilities have made efforts to communicate to neighboring utilities to share requests for proposals for contractors, equipment or bulk purchases.<sup>10</sup> Additionally, Joint Applicants stated that the Commission has echoed federal grant requirements to encourage discussing regionalization.<sup>11</sup> Joint Applicants stated that each topic will be introduced in the context of the regulations implicated by the topic and examples of how the topics have come up in cases or examples of utilities that have shared resources or managers or have applied similar efficiencies.<sup>12</sup> Joint Applicants stated that the benefit to the directors and commissioners in attendance is that managers usually provide a specific perspective focused on complying with state and federal regulations and challenges affecting their ability to accomplish those compliance goals.<sup>13</sup>

2. Utility Regulatory Requirements and Recent Orders and Updates (1 hour):

This presentation includes a review of statutes and regulations relevant to Kentucky utilities, and an update of relevant Kentucky court cases.<sup>14</sup> Additionally, the presentation

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<sup>9</sup> Joint Applicants' Response to Commission Staff's First Request for Information (Staff's First Request), Item 4.

<sup>10</sup> Joint Applicants' Response to Staff's First Request, Item 4.

<sup>11</sup> Joint Applicants' Response to Staff's First Request, Item 4.

<sup>12</sup> Joint Applicants' Response to Staff's First Request, Item 4.

<sup>13</sup> Joint Applicants' Response to Staff's First Request, Item 4.

<sup>14</sup> Application at 3.

will include a discussion of recent Commission Orders and changes in relevant legislation for water utilities.<sup>15</sup>

3. Assessing Financial Wellness (1 hour): This presentation includes a review of the state of the market and economic projections, determining the affordability of a project and debt service coverage calculations, depreciation and evaluating different choices for financing.<sup>16</sup>

4. Asset Management and Financing (1 hour): This presentation includes a discussion of guidance for directors, commissioners, and managers determining the current state of assets, managing maintenance, and long-term funding strategy.<sup>17</sup>

5. Working Effectively with the Board (1 hour): This presentation includes a detailed review of policies to encourage effective management of water utilities through defining roles, understanding duties and responsibilities and making policy to promote healthy oversight.<sup>18</sup>

6. Regulatory Compliance with Division of Water (1 hour): This presentation will address compliance practices to meet statutory and regulatory requirements from the perspective of the Division of Water inspections, technical requirements, and addressing common issues reported through the Division of Water.<sup>19</sup>

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<sup>15</sup> Application at 3.

<sup>16</sup> Application at 3.

<sup>17</sup> Application at 4.

<sup>18</sup> Application at 4.

<sup>19</sup> Application at 4.

7. Cyber Security for Kentucky Utilities (1 hour): This presentation will address threats to Kentucky utilities' cyber systems and best practices to utilize federal resources available to protect Kentucky's water systems and information systems.<sup>20</sup>

August 21, 2024

1. Management Resources (1 hour): This presentation includes Leadership and Management Skills for Compliance and includes practical recommendations for compliance.<sup>21</sup>

2. Planning Resources (1 hour): This presentation includes a discussion on planning resources, GIS/mapping services, and project administration services as resources for the directors, commissioners, and managers in attendance.<sup>22</sup>

3. Capital Planning: Engineer Consultants (1 hour): This presentation includes a practical discussion of engineering consultants' communication best practices and considerations for directors, commissioners, and managers for distribution design, optimization, and capital planning.<sup>23</sup>

4. Roundtable with Utility Partners (1 hour): See day one description set forth in numerical paragraph 1 above. Joint Applicants stated that day two's topics for discussion are planned to cover regulatory compliance related to common management issues and discuss solutions related to (1) workforce development because the utilities face similar circumstances related to retaining and training their staff; (2) sharing

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<sup>20</sup> Application at 4.

<sup>21</sup> Application at 4.

<sup>22</sup> Application at 4.

<sup>23</sup> Application at 5.

resources with regard to compliance for certification training; and (3) opportunities for purchasing in bulk.<sup>24</sup>

5. Managing for 811 Compliance (1 hour): This presentation by Kentucky 811 includes a discussion regarding resources for training water utility staff to comply with 811 law, and practical applications for directors, commissioners, and managers for procedures to support services when water lines are damaged in 811 incidents.<sup>25</sup>

6. Damage Prevention<sup>26</sup> (1 hour): This presentation by the Kentucky Public Service Commission's Division of Inspections includes a discussion of the damage prevention act and water districts duties under the act.<sup>27</sup>

7. Capital Planning Resources (1 hour): This presentation includes a discussion with a representative from Kentucky Infrastructure Authority (KIA) regarding the WRIS portal, Clean Water grant funds, GIS mapping, and other resources available through KIA.<sup>28</sup> This presentation further includes a discussion of common issues with applications for funding and tips for better capital planning.<sup>29</sup>

On May 28, 2024, Joint Applicants also filed a supplemental filing that requested an update to the August 20, 2024 agenda to include a presentation from the Attorney General's Office.<sup>30</sup> Joint Applicants stated that if the Commission approves the

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<sup>24</sup> Joint Applicants' Response to Staff's First Request, Item 4.

<sup>25</sup> Application at 5.

<sup>26</sup> Note that this presentation was originally called "Call Before You Dig" and was updated in Joint Applicants' response to Staff's First Request, Item 2.

<sup>27</sup> Application at 5.

<sup>28</sup> Application at 5.

<sup>29</sup> Application at 5.

<sup>30</sup> Joint Applicants' Supplemental Filing (filed May 28, 2024) at 1.

presentation for continuing education credit, the Joint Applicants will adjust the agenda times to accommodate the presentation.<sup>31</sup> The description of the presentation is as follows:

1. Open Records and Open Meetings (1 hour): Representatives from the Office of the Attorney General will present to the directors and commissioners of the attending water utilities on the requirements to comply with current open records and open meetings law in Kentucky.<sup>32</sup>

Joint Applicants stated that they are not requesting the proposed Training Program be accredited as a program of instruction for newly appointed commissioners.<sup>33</sup> Joint Applicants further provided that their training has been certified by Kentucky Board of Certification of Wastewater System Operators and the Kentucky Board of Certification of Water Treatment and Distribution System Operators.<sup>34</sup>

#### LEGAL STANDARD

KRS 74.020(6) and (7) encourages 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 an annual salary of not more than \$6,000 to be paid out of the water district fund. Pursuant to KRS 74.020(7)(c), the Commission has discretion in approving “water district management training” offered by third parties to satisfy the six hours of subsequent if it

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<sup>31</sup> Joint Applicants’ Supplemental Filing (filed May 28, 2024) at 1.

<sup>32</sup> Joint Applicants’ Supplemental Filing (filed May 28, 2024) at 1.

<sup>33</sup> Application at 5.

<sup>34</sup> DOW Training Certification (filed June 4, 2024).

determines that the programs are “high quality” and “will enhance a water district commissioner’s understanding of his or her responsibilities and duties.”

Commission regulation 807 KAR 5:070, Section 2, states as follows about the programs:

Program hours consisting of one (1) or more of the following areas of instruction shall be approved as to subject matter:

- (1) Federal and state law regarding safety standards for drinking water
- (2) Management techniques;
- (3) Accounting standards and treatment of costs;
- (4) Financing principles;
- (5) Rate design;
- (6) Water technology and system facilities;
- (7) Ethics; and
- (8) Other areas of instruction related to, and calculated to enhance the quality of, the management, operation, and maintenance of a water system.

In Case No. 2018-00085,<sup>35</sup> the Commission clarified what training was expected of commissioners of water districts pursuant to KRS 74.020 as well as the time a third-party has to apply for accreditation of a program.

#### DISCUSSION AND FINDINGS

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that Joint Applicants provided the information required by 807 KAR 5:070 and the Commission’s Order in Case No. 2018-00085 in a timely manner. Except as detailed below, the Commission finds that eight hours on day one, including the Attorney General’s Office presentation entitled “Open Records and Open Meetings,” and five hours on day two will provide water district commissioners relevant and useful

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<sup>35</sup> Case No. 2018-00085, *Review of Training Required and Authorized by KRS 74.020 for the Commissioners of Water Districts* (Ky. PSC Mar. 15, 2018).



knowledge that will enhance the quality, management, operation, or maintenance of the water systems they operate. However, the Commission denies Joint Applicant's request for approval and accreditation of the sessions titled "Management Resources" and "Planning Resources." For the Management Resources presentation, the presentation appears to be partially based on a book titled *Extreme Ownership: How U.S. Navy Seals Lead and Win*.<sup>36</sup> While there may be general applicability of leadership principles, it appears that the principles are geared toward military personnel. The presentation lacks the substance to enhance a water district commissioner's understanding of his or her responsibilities or duties in accordance with KRS 74.020(7)(c). For the session Planning Resources, there is not enough information contained in the application to demonstrate that the presentation would enhance a water district commissioner's understanding of his or her responsibilities or duties pursuant to KRS 74.020(7)(c).

Therefore, the Commission finds that it should conditionally approve the Training Program for up to a maximum of 13 hours to satisfy the training requirements set forth in KRS 74.020(6) and (7) or a portion thereof. The Training Program covers topics 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. Joint Applicants may switch the days in which the presentations are held and the order of the presentations, if needed. This training is not approved to satisfy any portion of the initial training requirement for water district commissioners required by KRS 74.020(8).

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<sup>36</sup> Application at 75.

The Commission finds that final approval is conditioned on Joint Applicants following through with the following conditions as set forth in their application. Joint Applicants stated that they would provide the written materials to each attendee and that if any presentations are amended prior to the training, Joint Applicants will include a copy of any revisions to the presentations with their sworn statement and report regarding the instruction.<sup>37</sup> Joint Applicants stated they will retain a record of all water utility directors and management staff that attend the proposed Training Program.<sup>38</sup> Joint Applicants stated that they would, within 30 days of the proposed Training Program's completion, file a sworn statement: (1) attesting that the accredited instruction was performed; (2) describing any changes in the presenters or the proposed Training Program curriculum that occurred after certification; and (3) containing the name of each water commissioner or director, their water district, and the number of hours attended.<sup>39</sup> The Joint Applicants should admit representatives of the Commission or the Office of Attorney General to the proposed Training Program at no charge to permit such representatives to assess the quality of the instruction, monitor the compliance with Commission decisions, regulations, or other requirements, should the Commission deem it necessary.<sup>40</sup>

IT IS THEREFORE ORDERED that:

1. Joint Applicants' Training Program scheduled to take place on August 20 and 21, 2024, is conditionally approved and accredited for up to 13 hours of annual water

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<sup>37</sup> Application at 6.

<sup>38</sup> Application at 6.

<sup>39</sup> Application at 6.

<sup>40</sup> Application at 6.

district management training for water district commissioners seeking to satisfy training requirements set forth in KRS 74.020(6) and (7).

2. Joint Applicants' request for approval and accreditation of the session titled "Management Resources" and "Planning Resources" are denied.

3. Joint Applicants' 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).

4. Joint Applicants shall retain a record of all water district commissioners attending the Training Program.

5. No later than 30 days after the scheduled offering of the Training Program, Joint Applicants 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.

6. Joint Applicants 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.

7. Upon Joint Applicants' compliance with the conditions set forth in this Order, receipt of the materials identified in ordering paragraph 5, and provided there are no material changes to the program, the Commission shall issue a final order approving and accrediting the Training Program.

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PUBLIC SERVICE COMMISSION

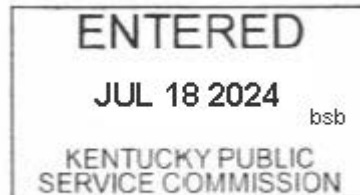
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