

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MORGAN)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE)	2024-00010
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

NOTICE OF FILING

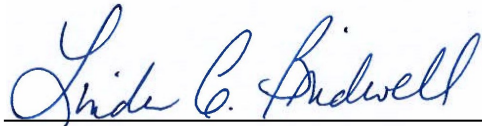
Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on May 2, 2024 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on May 2, 2024 in this proceeding;
- A written log listing, inter alia, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on May 2, 2024.

A copy of this Notice, the certification of the digital video record, and hearing log have been served upon all persons listed at the end of this Notice. Parties desiring to view the digital video recording of the hearing may do so at <https://youtu.be/kxz2qb2H5c>.

Parties wishing an annotated digital video recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 20th day of June 2024.

A handwritten signature in blue ink that reads "Linda C. Bridwell". The signature is written in a cursive style with a horizontal line underneath it.

Linda C. Bridwell

Executive Director

Public Service Commission of Kentucky

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ELECTRONIC APPLICATION OF MORGAN)	CASE NO.
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CERTIFICATION

I, Candace H. Sacre, hereby certify that:

1. The attached flash drive contains a digital recording of the Formal Hearing conducted in the above-styled proceeding on May 2, 2024. The Formal Hearing Log, Exhibits, and Exhibit List are included with the recording on May 2, 2024;
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the Formal Hearing of May 2, 2024, and;
4. The Formal Hearing Log attached to this Certificate accurately and correctly states the events that occurred at the Formal Hearing of May 2, 2024, and the time at which each occurred.

Signed this 13th day of June, 2024.



Candace H. Sacre
Administrative Specialist III



Stephanie Schweighardt
Kentucky State at Large ID# KYNP 64180
Commission Expires: January 14, 2027



Session Report - Detail

2024-00010 02May2024

Morgan County Water District
(Morgan District)

Date:	Type:	Location:	Department:
5/2/2024	Public Hearing\Public Comments	Hearing Room 1	Hearing Room 1 (HR 1)

Witness: Shannon Elam; Alexis Franklin; Robert Miller; Brian Wells
 Judge: Kent Chandler; Angie Hatton; Mary Pat Regan
 Clerk: Candace Sacre

Event Time	Log Event
9:07:11 AM	Session Started
9:07:12 AM	Chairman Chandler Note: Sacre, Candace On the record in Case No. 2024-00010.
9:07:25 AM	Chairman Chandler Note: Sacre, Candace Preliminary remarks.
9:07:42 AM	Chairman Chandler Note: Sacre, Candace Entry of appearance.
9:07:46 AM	Atty Koenig Morgan District Note: Sacre, Candace Brittany Koenig for Morgan County Water District.
9:07:52 AM	Staff Atty Hall PSC Note: Sacre, Candace Morgan Hall for Commission Staff.
9:07:55 AM	Chairman Chandler Note: Sacre, Candace Public notice.
9:08:32 AM	Chairman Chandler Note: Sacre, Candace Public comments.
9:09:56 AM	Chairman Chandler Note: Sacre, Candace Call your first witness.
9:10:02 AM	Atty Koenig Morgan District Note: Sacre, Candace Robert Miller.
9:10:18 AM	Chairman Chandler Note: Sacre, Candace Witness is sworn.
9:10:25 AM	Chairman Chandler - witness Miller Note: Sacre, Candace Examination. Name and address?
9:10:40 AM	Atty Koenig Morgan District - witness Miller Note: Sacre, Candace Direct Examination. Describe business and consultant role?
9:11:04 AM	Atty Koenig Morgan District - witness Miller Note: Sacre, Candace Education background?
9:11:21 AM	Atty Koenig Morgan District - witness Miller Note: Sacre, Candace Work experience at Louisville Water and in New Orleans?
9:12:44 AM	Atty Koenig Morgan District - witness Miller Note: Sacre, Candace That is capacity working with Morgan District?
9:12:50 AM	Atty Koenig Morgan District - witness Miller Note: Sacre, Candace As consultant for KRWA?
9:12:55 AM	Atty Koenig Morgan District - witness Miller Note: Sacre, Candace Ever testified before Kentucky PSC?
9:13:00 AM	Atty Koenig Morgan District - witness Miller Note: Sacre, Candace Today, what is purpose of testimony?
9:13:14 AM	Atty Koenig Morgan District - witness Miller Note: Sacre, Candace Provide exhibits already filed into record?
9:13:31 AM	Atty Koenig Morgan District - witness Miller Note: Sacre, Candace Changes or corrections?

9:13:35 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace If asked same questions, answers be same?

9:13:42 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace Intent have incorporated into record?

9:13:57 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace Does Morgan District need permission to grant emergency interim rate increase?

9:14:12 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace Prepare proposal initially, part of larger rate case?

9:14:19 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace Supervise rate study full rate case based on?

9:14:44 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace Prepare proposal phase in 41 percent rate increase made in ARF?

9:14:57 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace Emergency interim rate increase requested 21.5 percent increase?

9:15:20 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace Your opinion not receive 25.3 percent or first phase phase-in proposal materially impaired or damaged?

9:15:57 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace Function of timing?

9:16:05 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace When Morgan District contact you to perform rate study?

9:17:14 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace You and colleagues working on rate case when realized needed request interim rate increase?

9:17:29 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace Describe events that turned into an emergency rate increase?

9:21:25 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace In summary, first time realized cash situation extreme?

9:22:21 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace Frost doing day to day on test year rate study operations, stepped in because of public reaction to notice for ARF filing?

9:22:41 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace How describe public reaction to rate case?

9:24:01 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace Have worked with District since then and looked at processes and what utility was putting in process post 2019-00041 Orders and attempts to comply?

9:25:19 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace Sixty percent to 30 percent reduction of water loss?

9:25:37 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace Looked at lot of utilities and utilities building back, how describe Morgan District management, operations, board, communications, and processes, analogy repairing a bicycle?

9:29:21 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace Say Morgan District represents successful ongoing turnaround troubled utility?

9:30:15 AM Atty Koenig Morgan District - witness Miller
Note: Sacre, Candace Does Morgan District need interim rate increase to continue to improve?

9:30:38 AM Chairman Chandler
Note: Sacre, Candace Counsel?

9:30:41 AM Staff Atty Hall PSC - witness Miller
Note: Sacre, Candace Cross Examination. Financial documentation for ARF case, prepare documentation or prepared by Frost?

9:31:11 AM	Staff Atty Hall PSC - witness Miller Note: Sacre, Candace	Included schedule of adjusted operations, revenue requirement, and adjustments?
9:31:25 AM	Staff Atty Hall PSC - witness Miller Note: Sacre, Candace	What information used to support test year amount?
9:31:47 AM	Staff Atty Hall PSC - witness Miller Note: Sacre, Candace	Reconcile general ledger amounts by amount by categories?
9:32:52 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Examination. When ask auditor for information?
9:33:28 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	This year or last year?
9:33:39 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Know if auditor using this year for audit?
9:33:47 AM	Chairman Chandler Note: Sacre, Candace	Who know that, Ms. Koenig? (Click on link for further comments.)
9:34:23 AM	Staff Atty Hall PSC - witness Miller Note: Sacre, Candace	Cross Examination (cont'd). How have certainty about adjustments if not know test year amount?
9:35:09 AM	Staff Atty Hall PSC - witness Miller Note: Sacre, Candace	Calculate projection of revenues expenses of debt service payments filed with motion?
9:36:04 AM	Staff Atty Hall PSC - witness Miller Note: Sacre, Candace	Explain how calculated 25.25 percent increase rounded up to 25.3 percent?
9:36:51 AM	Staff Atty Hall PSC - witness Miller Note: Sacre, Candace	What source of information used make calculation?
9:37:19 AM	Staff Atty Hall PSC - witness Miller Note: Sacre, Candace	Explain how phase-in increases each year chosen?
9:38:18 AM	Staff Atty Hall PSC - witness Miller Note: Sacre, Candace	Why benefit customers have approximate 25 percent increase year one followed by six percent increase years two and three?
9:39:21 AM	Staff Atty Hall PSC - witness Miller Note: Sacre, Candace	Did Morgan District consider rate increase all at once?
9:40:12 AM	Staff Atty Hall PSC - witness Miller Note: Sacre, Candace	Did District consider rate phase-in years one through three?
9:40:30 AM	Staff Atty Hall PSC - witness Miller Note: Sacre, Candace	Summarize and explain why think Morgan District needs emergency rate increase?
9:41:01 AM	Staff Atty Hall PSC - witness Miller Note: Sacre, Candace	Without it would not be able to?
9:41:17 AM	Chairman Chandler Note: Sacre, Candace	Vice Chairman?
9:41:23 AM	Vice Chairman Hatton - witness Miller Note: Sacre, Candace	Examination. Reference to grant money funding five employees, abnormal use nonrecurring money for recurring expenses?
9:41:51 AM	Vice Chairman Hatton - witness Miller Note: Sacre, Candace	What was inaccurate financial data relied upon, where coming from and why data inaccurate?
9:42:25 AM	Vice Chairman Hatton - witness Miller Note: Sacre, Candace	After audit?
9:42:43 AM	Vice Chairman Hatton - witness Miller Note: Sacre, Candace	Even though you were denied information you needed?
9:43:09 AM	Vice Chairman Hatton - witness Miller Note: Sacre, Candace	Be more specific about what requested that was not provided?

9:43:34 AM	Vice Chairman Hatton - witness Miller Note: Sacre, Candace	How long operate on current rates without defaulting on credit obligations?
9:44:14 AM	Vice Chairman Hatton - witness Miller Note: Sacre, Candace	Involved in consulting for requested emergencies before?
9:44:29 AM	Vice Chairman Hatton - witness Miller Note: Sacre, Candace	Most urgent situation been consulted on?
9:45:44 AM	Commissioner Regan - witness Miller Note: Sacre, Candace	Commissioner?
9:45:46 AM	Commissioner Regan - witness Miller Note: Sacre, Candace	Examination. Using expertise form opinion why water company in situation they are in?
9:46:51 AM	Commissioner Regan - witness Miller Note: Sacre, Candace	Not able figure out why expenses higher than what taking in?
9:47:08 AM	Commissioner Regan - witness Miller Note: Sacre, Candace	Contract be reason not get information from auditor?
9:47:32 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Examination. Know how long last rate case took?
9:48:02 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Surprised application signed in Dec 2020 and Final Order entered in June of 2021?
9:48:43 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Said twelve months earlier, aware statute requires Commission act within ten months?
9:49:14 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Most recent audit, signed in May 2023, when started working on application?
9:49:48 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Had audit available to you?
9:49:52 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	For 2021 and 2022?
9:50:09 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Entitled for years ended Dec 31 2022 and 2021, done in May and had it before started working?
9:50:28 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Auditor not note utility included surcharge for revenues as nonutility income as opposed to contribution in aid of construction?
9:51:08 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Did not identify audit \$198,525 is amount should have been included in contribution in aid of construction and was included in other water revenues?
9:51:30 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Did not identify in excess of \$350,000 included as nonutility income should not been included?
9:52:12 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Go to (L), you or Frost state Morgan District incorrectly recorded following amounts as nonutility income, included \$292,591 from USDA for project replaced sections of line, how should have been recorded?
9:52:44 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Been removed, what should have done if removed from nonutility income, place should have been recorded?
9:53:07 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Frost know should have gone somewhere else?

9:53:14 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Half the rate increase?
9:53:25 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Nonrecurring?
9:53:34 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Reason removed?
9:53:35 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Feel confident saying incorrectly reported or saying at least be removed because nonrecurring?
9:53:57 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Have annual report 2022 indicated water utility Morgan Co had 11 employees, in application filed states had 14 employees in 2022 and now has 16?
9:54:37 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Ms. Koenig filed motion that affidavit from Elam stated emergency nature of request necessary due to inaccurate financial data and end of receiving grant money funded positions of five employees, aware?
9:55:30 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Show me where in test year utility received grant money and used that to pay five employees?
9:55:54 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Know where could find reference to grant money?
9:56:07 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Have copy of auditor annual report?
9:56:42 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	You reviewed audit?
9:56:48 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	In audit was note that were multiple leases, that each of leases for vehicles, lease amounts zero but payment continuing to be paid?
9:57:11 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Have copy of audit, that '22 audit?
9:57:14 AM	Chairman Chandler Note: Sacre, Candace	Counsel, have copy of audit? (Click on link for further comments.)
9:57:35 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Make adjustments to test year expenses if that was case, let's say was the case, audit said close to \$600 month being paid for lease balance zero, make adjustments to remove those from expenses for test year?
9:59:20 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Would have submitted annual report prior to audit being concluded?
9:59:28 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Know annual reports due earlier than May?
9:59:46 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Without post-audit trial balance, any way determine whether auditor removed that?
10:00:00 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Page 24 of document, section on leases, reading (click on link for further comments), right?
10:00:54 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Next one, 2018 F-150, lease payment \$5,500, 11 months of payment of \$577, should be paid off?
10:01:11 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Next one is \$577, (E) for 2020 Escape \$577 monthly payment, \$8,837 balance, should be paid off this year?

10:01:35 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Just doing straight line lease payments?
10:01:42 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Little less than year and a half have paid off, later this year?
10:01:50 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Unaware in schedule of adjusted operations any changes for reductions and expenses?
10:02:06 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Have conversation about internal controls over financial reporting, including disbursements?
10:02:30 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	One of items note significant number of invoices paid later than 30 days, cash flow issues, conversations incurring expense and recognizing that expense?
10:03:39 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	When it works it works, when not work catches up quickly, a float?
10:04:00 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Utility's depreciation expense half million dollars?
10:04:10 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Know what operating income was for 2022?
10:04:45 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Netted?
10:05:20 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Say first number again?
10:05:30 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	An adjusted amount?
10:05:38 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Annual report page 20 of 67, what page are you on?
10:05:56 AM	Chairman Chandler Note: Sacre, Candace	Have copy of annual report filed with Commission? (Click on link for further comments.)
10:06:47 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Page 20, one on website, see line for utility operating income?
10:07:05 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Below that is Account 400, operating revenues?
10:07:13 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Below that 401 operating expenses?
10:07:21 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Below that depreciation expense?
10:07:31 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Total utility operating income, see that?
10:07:34 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	That amount in 2021 negative \$200,000 and in 2022 what was that amount?
10:07:50 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Net of depreciation, talking cash, operating income and operating revenues, difference between that \$130,000, going wrong way?
10:08:14 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Depreciation expense rising, operating revenues going up but operating expenses increasing at faster pace?
10:08:32 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Five employees being paid for by grants, not show up in operating revenues?

10:08:45 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Five employees' expenses in your experience show up in operating expenses?
10:09:03 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Going wrong way?
10:09:21 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	When you and Frost working on this, looking at books, day-to-day operations not something ask about when doing ARF application?
10:09:37 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Post-June, whether had concerns prior to meeting less than 30 days cash on hand, what happened between '21 and '22, halfway through 2023, net operating income equal to depreciation expense at a negative amount?
10:10:18 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Second half of 2023, not have enough operating income to pay for cash expenses?
10:10:30 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Trying to figure out, second half of 2023, not concerned for the exact same thing?
10:11:10 AM	Commissioner Regan - witness Miller Note: Sacre, Candace	Examination. Is that normal not include those things in a contract, normally get financials?
10:12:17 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Examination. Feel your role tell them exigency of circumstances financially related to speed need make filing or whether seek temporary or interim rate increase?
10:12:52 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Do rate studies for utilities not in anticipation filing rate increase?
10:13:14 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Ever question to you recommendation file rate case?
10:14:13 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Provide response for those questions?
10:14:18 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Examination. Testifying in support of emergency?
10:14:23 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Examination. Water district commissioners not elected?
10:14:37 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Are appointed and are the ones who, through passing resolutions, seek rate increases?
10:14:50 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Know who keeps books?
10:15:20 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Review previous rate applications and orders for utilities, look at last rate case?
10:15:32 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Aware utility's last two rate cases?
10:16:13 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Had ARF in 2020 and also had rate case in 2016 requested only 15 percent, Staff report recommended 26.6 percent, take less, by 2019 realized, filed rate case in 2020, three years later need another 41 percent increase, has to be 25.3 percent, concerns about phase-in, same place been last eight years, behind on ability fund operations?
10:18:20 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	25.3 percent?

10:18:22 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Starting on what date?
10:18:42 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Have a year of expenses and year of revenues, proposing 25 percent, pay operating expenses three months, six months, nine months?
10:19:29 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Proposing interim increase at something less than increase seeking?
10:19:35 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Seeking 41, 25 percent amount need, 12 months after final order or some other date?
10:20:32 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	25.3 annual amount, what not cover?
10:20:53 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Just enough cover break even on cash basis?
10:21:07 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Changes year to year?
10:21:27 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Debt service changes every year?
10:21:37 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Proposal is average, over time be fine?
10:21:48 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Interest expense higher?
10:21:54 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Leases run out?
10:22:02 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Increase in depreciation if additional assets added?
10:22:27 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Asked for copies of meeting minutes, reviewed any?
10:22:45 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Gone to meetings?
10:23:16 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Know which month?
10:23:22 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	2024?
10:23:24 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	You were there, Bob Miller, were there in March, projects, reading (click on link for further comments), items depreciated when placed in service?
10:26:39 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Continued to say PSC behind, given investments, whether funded by grant or not, contributed property depreciation expense once into service?
10:27:20 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Done any RD 023 cases?
10:27:40 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Include depreciation expense?
10:27:55 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Have thirteen-and-a-half million dollars, know current rate base?
10:28:13 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Utility plant in service, good enough proxy?
10:28:24 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Effectively equivalent?

10:28:30 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Utility plant in service just under \$25 million, increases by more than 50 percent?
10:28:46 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Increase/decrease depreciation expense?
10:29:02 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Is extra quarter million dollars noncash expense?
10:29:29 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	If phase in over three years, quarter million off on operating expenses?
10:29:51 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Which what set rates on?
10:30:06 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	For 25.3 percent?
10:30:10 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	But would for the 41?
10:30:25 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	By the time proposed phase-in in effect, if projects in, already not enough money?
10:30:38 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	To recover utility's expenses?
10:31:03 AM	Chairman Chandler Note: Sacre, Candace	In recess for next ten minutes.
10:31:14 AM	Session Paused	
10:45:39 AM	Session Resumed	
10:45:48 AM	Chairman Chandler Note: Sacre, Candace	Redirect?
10:45:58 AM	Atty Koenig Morgan District - witness Miller Note: Sacre, Candace	Redirect Examination. Clarify what phase-in timing had intended?
10:47:08 AM	Atty Koenig Morgan District - witness Miller Note: Sacre, Candace	Discussed audit, any reason to question numbers given?
10:47:34 AM	Atty Koenig Morgan District - witness Miller Note: Sacre, Candace	When discussion started in March at meeting, given notice Morgan District had how many days of cash on hand?
10:47:58 AM	Atty Koenig Morgan District - witness Miller Note: Sacre, Candace	When discussion of how missed during preparation of rate case, not within scope?
10:48:53 AM	Atty Koenig Morgan District - witness Miller Note: Sacre, Candace	How a surprise, looking at data reports and billing, problems with data, and utility questioned Frost and KRW, response use audited numbers, bypassed incorrect data?
10:49:41 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Examination. Inaccurate data, know anything about inaccurate data?
10:50:12 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Numbers showed end of 2022 assumption of trend, by middle 2023 already operating on negative case income basis?
10:50:37 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Books available and audited showed based on trend person with financial training should have known already perilous situation?
10:51:27 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	A person whose job it is to look at financial situation of utility should have known in 2023 already a problem?
10:52:08 AM	Chairman Chandler - witness Miller Note: Sacre, Candace	Know in annual report net income already negative?

10:52:36 AM	Staff Atty Hall PSC - witness Miller Note: Sacre, Candace	Recross Examination. Recommend water loss surcharge?
10:53:11 AM	Staff Atty Hall PSC - witness Miller Note: Sacre, Candace	If believe benefit, why not recommend?
10:53:52 AM	Chairman Chandler Note: Sacre, Candace	Additional redirect?
10:54:21 AM	Chairman Chandler Note: Sacre, Candace	Next witness?
10:54:25 AM	Chairman Chandler Note: Sacre, Candace	Procedural discussion. (Click on link for further comments.)
10:55:54 AM	Atty Koenig Morgan District Note: Sacre, Candace	Alexis Franklin.
10:56:05 AM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.
10:56:13 AM	Chairman Chandler - witness Franklin Note: Sacre, Candace	Examination. Name and address?
10:56:28 AM	Atty Koenig Morgan District - witness Franklin Note: Sacre, Candace	Direct Examination. Describe position?
10:56:52 AM	Atty Koenig Morgan District - witness Franklin Note: Sacre, Candace	Describe educational background?
10:57:16 AM	Atty Koenig Morgan District - witness Franklin Note: Sacre, Candace	Responsible for preparing profits and losses reports?
10:57:32 AM	Atty Koenig Morgan District - witness Franklin Note: Sacre, Candace	Any changes or updates?
10:57:33 AM	Atty Koenig Morgan District - witness Franklin Note: Sacre, Candace	Update for March, full report?
10:57:48 AM	Atty Koenig Morgan District - witness Franklin Note: Sacre, Candace	Copy of profits and loss report for March 2024?
10:58:00 AM	Atty Koenig Morgan District - witness Franklin Note: Sacre, Candace	Is that marked Exhibit 1?
10:58:06 AM	Atty Koenig Morgan District - witness Franklin Note: Sacre, Candace	Report marked as Exhibit 2, report of April 2024 profits and losses for Morgan District?
10:58:44 AM	Atty Koenig Morgan District Note: Sacre, Candace	Move those be entered.
10:58:49 AM	Chairman Chandler Note: Sacre, Candace	So moved.
10:58:50 AM	APPLICANT HEARING EXHIBIT 1 Note: Sacre, Candace Note: Sacre, Candace	ATTY KOENIG MORGAN DISTRICT - WITNESS FRANKLIN MORGAN COUNTY WATER DISTRICT WATER DISTRICT PROFIT AND LOSS MARCH 2024
10:58:51 AM	APPLICANT HEARING EXHIBIT 2 Note: Sacre, Candace Note: Sacre, Candace	ATTY KOENIG MORGAN DISTRICT - WITNESS FRANKLIN MORGAN COUNTY WATER DISTRICT WATER DISTRICT PROFIT AND LOSS APRIL 2024
10:59:13 AM	Atty Koenig Morgan District - witness Franklin Note: Sacre, Candace	Testimony today regarding financial state of Morgan District?
10:59:21 AM	Atty Koenig Morgan District - witness Franklin Note: Sacre, Candace	Took over in December?
10:59:25 AM	Atty Koenig Morgan District - witness Franklin Note: Sacre, Candace	Describe events led to taking over and what precipitated that event, what mean take over, what have to do?
11:00:59 AM	Atty Koenig Morgan District - witness Franklin Note: Sacre, Candace	The annual report and audit report?

11:01:07 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Examination. I'm sorry, are you talking about the accounts, the account numbers?

11:01:42 AM Atty Koenig Morgan District - witness Franklin
Note: Sacre, Candace When start to get an idea of where cash was and there was a problem?

11:02:34 AM Atty Koenig Morgan District - witness Franklin
Note: Sacre, Candace Report that to general manager, working with him?

11:03:00 AM Atty Koenig Morgan District - witness Franklin
Note: Sacre, Candace How able make payroll, what policies from board make priorities?

11:04:38 AM Atty Koenig Morgan District - witness Franklin
Note: Sacre, Candace Rather new process, in last few months policies changed?

11:05:13 AM Atty Koenig Morgan District - witness Franklin
Note: Sacre, Candace Process of preparing responses for staff, there are bank statements from February and March discussed at board meetings, discussion about Amazon purchasing, what purchased?

11:05:55 AM Atty Koenig Morgan District - witness Franklin
Note: Sacre, Candace Purchase computer through Amazon?

11:06:11 AM Atty Koenig Morgan District - witness Franklin
Note: Sacre, Candace Board asked just make one order a month?

11:06:21 AM Atty Koenig Morgan District - witness Franklin
Note: Sacre, Candace Request approval for water system purchases?

11:06:26 AM Atty Koenig Morgan District - witness Franklin
Note: Sacre, Candace Also statements had charges for Apple apps or purchases made from phone?

11:07:16 AM Atty Koenig Morgan District - witness Franklin
Note: Sacre, Candace Charges made from employee phone?

11:07:28 AM Chairman Chandler
Note: Sacre, Candace Counsel?

11:07:30 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace Cross Examination. Know what account Gateway ADD loan in 2022 ledger what account is in?

11:08:05 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace What about 2024, know if in there?

11:09:02 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace Several transactions in general ledger and bank statements regarding Cave Run Water Commission, how many months behind on payments is Morgan District?

11:09:41 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace Roughly six, seven months?

11:09:51 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace In a data request, able provide invoices, how many, and a total amount Morgan District is behind?

11:09:52 AM POST-HEARING DATA REQUEST
Note: Sacre, Candace STAFF ATTY HALL PSC - WITNESS FRANKLIN
Note: Sacre, Candace CAVE RUN WATER COMMISSION INVOICES TO MORGAN DISTRICT, HOW MANY, AND TOTAL AMOUNT MORGAN DISTRICT BEHIND

11:10:13 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace District buys water from West Liberty?

11:10:18 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace Morgan District behind on West Liberty?

11:10:23 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace Why District up to date on West Liberty but not Cave Run?

11:10:48 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace Any idea why have been delayed?

11:11:01 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace On screen, referring to 2022 ledger, accounts appear be expenses but Staff not able tell if included in schedule of adjusted operations, Account 675.4, follow what saying?

11:11:02 AM Via Presentation Activated

11:11:56 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace Same items or different trailers?

11:12:03 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace Figure out if asked in a data request?

11:12:04 AM POST-HEARING DATA REQUEST
Note: Sacre, Candace STAFF ATTY HALL PSC - WITNESS FRANKLIN
Note: Sacre, Candace TWO CAPITALIZED TRAILERS IN 2022 LEDGER ACCOUNT 675.4
SAME OR DIFFERENT ITEMS

11:12:13 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace District use debit cards?

11:12:22 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace Who in possession of cards?

11:12:36 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace What bank accounts those cards attached to?

11:12:42 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace Attached to specific account?

11:12:50 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace Written procedures on how to use credit cards?

11:12:59 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace General consensus on how to use them?

11:13:17 AM Commissioner Regan - witness Franklin
Note: Sacre, Candace Examination. But debit cards, not credit cards?

11:13:32 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace Cross Examination (cont'd). Are there written procedures for purchases?

11:13:36 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace Written or just agreed upon?

11:13:53 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace What items included in Account 675.4 for Amazon, that state Shannon is reimbursing, multiple lines say Shannon is reimbursing?

11:14:22 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace Have numerous ones say Shannon is reimbursing, also Prime membership, something does say reimbursed, different amounts, all Amazon Music?

11:14:49 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace See one purchased for Shannon, reimbursed, any other reimbursed, correction - two for reimbursement, any other reimbursed?

11:15:04 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace Be noted some other place?

11:15:22 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace Have any written policies that prohibit employees use for personal use?

11:15:35 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace Not know if any written?

11:15:43 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace Know anything any green fees and golf tournament?

11:15:55 AM Staff Atty Hall PSC - witness Franklin
Note: Sacre, Candace If submitted data request, able look into that information?

11:15:56 AM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	STAFF ATTY HALL PSC - WITNESS FRANKLIN PROVIDE INFORMATION REGARDING PAYMENTS MADE FOR 2022 GOLF TOURNAMENT
11:16:01 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	Be somebody else maybe answer?
11:16:15 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	Information pulled from what submitted to us, cash based on general ledger, District have negative cash balance in general ledger accounts?
11:16:45 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	What about currently?
11:16:49 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	How District not bounce checks if negative balances?
11:17:19 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	Get notification from bank?
11:17:26 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	And District able put funds in?
11:17:30 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	Pulling funds from some place else?
11:18:00 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	Take funds from one account and move to another?
11:18:12 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	April year to date include all payables outstanding?
11:18:30 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	Able provide unpaid invoices and amounts as of Apr 30 2024?
11:18:41 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	Split between operating expenses and capital expenditures and also age 0-30 days, 30-60, and over 60?
11:18:42 AM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	STAFF ATTY HALL PSC - WITNESS FRANKLIN COPIES OF ALL UNPAID INVOICES DUE AND OWING AS OF APRIL 30 2024 SPLIT BETWEEN OPERATING EXPENSES AND CAPITAL EXPENDITURES AND SORTED BY AGE
11:18:56 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	According to this, negative payroll account, how are employees getting paid?
11:19:27 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	Know if out of compliance with any loan covenants?
11:19:35 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	Somebody else answer?
11:19:51 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	Interim emergency 25.3 percent, if orders amount lower than that, ability issue refund?
11:20:18 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	How have ability to issue refund to customers?
11:20:33 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	Cannot answer would have money actually be able refund?
11:20:42 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	Who responsible for presenting financial information to board?
11:20:48 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	Only doing since December?
11:20:52 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	Who did prior December?

11:21:04 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	Fair to assume, since not hold job in 2022, cannot state as to why incorrect balance information presented?
11:21:20 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	Have knowledge of grant money funded for five employees?
11:21:42 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	Explain why think District needs increase?
11:21:58 AM	Via Presentation Deactivated	
11:22:25 AM	Staff Atty Hall PSC - witness Franklin Note: Sacre, Candace	Able to make regular payments on those?
11:23:00 AM	Chairman Chandler Note: Sacre, Candace	Commissioner?
11:23:13 AM	Via Presentation Activated	
11:23:20 AM	Commissioner Regan - witness Franklin Note: Sacre, Candace	Examination. Bring up spreadsheet again, Freezer Fresh Dairy, normal for these things to be taken out of business account?
11:23:51 AM	Via Presentation Deactivated	
11:23:52 AM	Chairman Chandler - witness Franklin Note: Sacre, Candace	Examination. What are expenses being entered as revenue, remember?
11:24:30 AM	Chairman Chandler - witness Franklin Note: Sacre, Candace	Metered sales not showing up in metered sales?
11:24:45 AM	Chairman Chandler - witness Franklin Note: Sacre, Candace	Koenig filed motion, one of items inaccurate financial data, the other end of receiving grant money, people recording income as expenses and vice versa, what else?
11:26:47 AM	Chairman Chandler - witness Franklin Note: Sacre, Candace	Double payment, paid twice or one check for two invoices?
11:27:09 AM	Chairman Chandler - witness Franklin Note: Sacre, Candace	Prepaid for following month, recurring expense, next month not know anything?
11:27:43 AM	Chairman Chandler - witness Franklin Note: Sacre, Candace	Behind but already paid, shows late?
11:27:58 AM	Chairman Chandler - witness Franklin Note: Sacre, Candace	If write check, have to wait for board approve?
11:28:18 AM	Chairman Chandler - witness Franklin Note: Sacre, Candace	Before cut check, asked approval?
11:28:24 AM	Chairman Chandler - witness Franklin Note: Sacre, Candace	What difference between check writing and using three debit cards?
11:28:58 AM	Chairman Chandler - witness Franklin Note: Sacre, Candace	By who?
11:29:23 AM	Chairman Chandler - witness Franklin Note: Sacre, Candace	Petty cash usually expenses under a certain threshold, have threshold, been given rule not use debit card in excess this amount?
11:29:41 AM	Chairman Chandler - witness Franklin Note: Sacre, Candace	Anything else?
11:29:49 AM	Chairman Chandler - witness Franklin Note: Sacre, Candace	End of receiving grant money, received grant money while in current position?
11:30:18 AM	Chairman Chandler - witness Franklin Note: Sacre, Candace	Know where would have been entered into books?
11:30:32 AM	Chairman Chandler - witness Franklin Note: Sacre, Candace	Put grants in as debt service?

11:30:53 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Knowledge grant money paying for employees?

11:30:58 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Know who five employees are?

11:31:05 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace What mean hired through Gateway?

11:31:28 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace When say grant money funded positions, never received grant money, Gateway gave employees and decided after fact to hire?

11:32:00 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Know when people onboarded?

11:32:13 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace All people came on after rate study started?

11:32:27 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace 2022 test year for rate case, this month incurring expense for labor for any of those folks?

11:33:06 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Onboarded to you all between Jan and Mar, not started grant process?

11:33:16 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Cash expense starting in February?

11:33:42 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Person starts on 16th of Jan, pay weekly, bi-weekly, monthly?

11:33:57 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace 16th and 30th?

11:34:06 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace First work period, when get first check?

11:34:52 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace For expenses for March, one maybe two of employees onboarded in 2024 show up in payroll expenses?

11:35:20 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Portion of health expenses 604?

11:35:26 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace 604.4, uniforms and boots?

11:36:07 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace In March, net income negative \$16,000 and April positive \$10,000?

11:36:47 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Outstanding payments to Cave Run, where outstanding expenses last year be reflected?

11:37:19 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Not paid, outstanding debt, accounts payable?

11:37:29 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Not gotten invoices Cave Run since certain point?

11:37:38 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Know used water, not reflected as accounts payable?

11:37:45 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Not received an invoice yet?

11:37:51 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace What is an average?

11:37:55 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Another hundred grand?

11:37:58 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Expect to get a bill for it?

11:38:05 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Payable within 30 days?

11:38:26 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Regulated utility buys water from city, if contract entered into and approved, still have to seek approval to pay?

11:39:27 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Audit from 2022 stated board only given printoffs of bank accounts, not given financial statements, looked to board had all this money, what give board?

11:40:39 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Auditor was Morgan and Associates, auditor currently, paid anything?

11:40:58 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Know whether paying for leases balance zero?

11:41:24 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace In application, depreciation schedule, depreciate leased vehicles?

11:42:11 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Have four leased Ford trucks and one leased Escape?

11:42:27 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Looks like trucks all leased in 2018, Escape 2020, leases more recent than that?

11:42:51 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Surprised to find out 2023 Ford truck not on depreciation schedule?

11:43:14 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Have enough money to pay May expenses?

11:43:38 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Pay payroll?

11:43:43 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace What not have money to pay for?

11:43:58 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Decision you made, manager made, or board made?

11:44:04 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Go to board meetings?

11:44:09 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Does board know priority of payment given exigent financial circumstances?

11:44:28 AM Vice Chairman Hatton - witness Franklin
Note: Sacre, Candace Examination. Not specifically discussed not pay bills this month, have to push off and pay later?

11:44:37 AM Vice Chairman Hatton - witness Franklin
Note: Sacre, Candace When five employees hired, discussion at board that recall?

11:44:44 AM Vice Chairman Hatton - witness Franklin
Note: Sacre, Candace Everyone knew are hiring five new employees even though not pay bills this month?

11:44:50 AM Commissioner Regan - witness Franklin
Note: Sacre, Candace Examination. Said payroll most important thing, so five new people will get paid?

11:45:20 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Examination. Between Mar and Apr, payroll expenses went up \$12,000?

11:46:24 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Looking at Exhibit 1 and 2, 601 payroll expense Mar is \$60,729, Apr almost \$74,000 combined 601 accounts?

11:46:45 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Seems health supplemental insurance higher in Mar than Apr, pensions and benefits lower in Apr than in Mar, know why would be case?

11:47:14 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace In Mar, payroll expenses sixty thousand seven hundred and something dollars?

11:47:19 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace In Apr, goes up to over seventy-four?

11:47:22 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace See those?

11:47:27 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Skipping to next page of Mar, total of 604 employee pensions and benefits \$39,000, see that?

11:47:33 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace So, in Mar is thirty-nine, in Apr back down to twenty-four?

11:47:54 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Seems like reduction \$7,000 CERS expense?

11:48:35 AM Chairman Chandler - witness Franklin
Note: Sacre, Candace Double payment in sense Feb not paid, and paid twice?

11:48:46 AM Chairman Chandler
Note: Sacre, Candace Ms. Koenig?

11:48:51 AM Chairman Chandler
Note: Sacre, Candace Anything else?

11:49:00 AM Chairman Chandler
Note: Sacre, Candace Next witness?

11:49:03 AM Atty Koenig Morgan District
Note: Sacre, Candace Brian Wells.

11:49:17 AM Chairman Chandler
Note: Sacre, Candace Witness is sworn.

11:49:24 AM Chairman Chandler - witness Wells
Note: Sacre, Candace Examination. Name and address?

11:49:36 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Direct Examination. Describe experience in job outside of District?

11:50:10 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace What is position with District?

11:50:14 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace How long have you served?

11:50:30 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Came in 2019, currently in second term ends 2028?

11:50:42 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Are you paid?

11:50:46 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace All board positions volunteer?

11:50:50 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Serving since 2019-00041 investigation?

11:51:02 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Testified before Commission before?

11:51:15 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Attended one of board meetings, asked if up to date on training, when receive last training?

11:51:44 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Miller testimony, recall District sought assistance for rate case in 2022, coming off rate case where got Order in 2021?

11:52:16 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Ordered file another rate case by 2025?

11:52:27 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Thought were on track?

11:52:40 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Testimony about motion for interim rates, problems with reports board getting, what happened?

11:53:34 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Familiar with financial reports?

11:53:40 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Talk to Elam about reassignment or training?

11:54:14 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Also in contact with KRW?

11:54:40 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Describe statements board focused on water loss, board doing a lot?

11:56:06 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Just make a significant find?

11:56:21 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Shannon provide more details?

11:56:28 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Focus on water loss versus office?

11:57:13 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Policies to address, changing personnel?

11:57:28 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Board address policies feel like contributed?

11:58:16 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace First rate case 23 years?

11:58:31 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Incident where not take full rate increase?

11:58:42 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace On board wrote asking for it?

11:59:00 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Board wrote letter to ask for that, dealing with rate case with lot going on, huge public reaction?

11:59:26 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Miller talked about board asked him to come speak to public?

11:59:42 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Asked him to come and gave public opportunity speak to board?

11:59:50 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Changed social media policy?

11:59:54 AM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Appoint a media person?

12:00:00 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace All recent because dealing with it?

12:00:05 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace To get approved?

12:00:10 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace A little bit trial and error?

12:00:18 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Describe atmosphere for people work at District and incidents with social media comments?

12:01:47 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Describe incidents led to board members resigning?

12:02:34 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Lot of pressure on board, not getting paid, interplay between board and fiscal court?

12:02:52 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Describe relationship?

12:03:46 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Been significant part of local comments and social media and comments to staff at baseball games?

12:04:04 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Developed talking points, good information?

12:04:12 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Anything else?

12:04:27 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Two new appointees from fiscal court?

12:04:35 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Came between board meetings?

12:04:43 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Written board policies hand to new board members?

12:04:59 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Reached out when requests made?

12:05:11 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Keep communication open?

12:05:41 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Describe situation with five employees, advised to add members to staff?

12:06:34 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Were paid for?

12:06:45 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Shannon able share information?

12:06:52 PM Commissioner Regan - witness Wells
Note: Sacre, Candace Examination. Gateway paid for training?

12:06:58 PM Vice Chairman Hatton - witness Wells
Note: Sacre, Candace Examination. What was time period were paid for by Gateway?

12:07:21 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Direct Examination (cont'd). Heard testimony from Miller about what consultants provided District just for rate study?

12:07:37 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Paying auditor prepare yearly audits, have financial consultant able to red flag audits?

12:08:01 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace That is a gap of analysis?

12:08:06 PM Atty Koenig Morgan District - witness Wells
Note: Sacre, Candace Reasonable to assume, okay, how this get missed, something board is looking at?

12:08:22 PM Chairman Chandler
Note: Sacre, Candace Questions?

12:08:30 PM Staff Atty Hall PSC - witness Wells
Note: Sacre, Candace Cross Examination. Say District using surcharge funds hire leak detection person?

12:09:08 PM Staff Atty Hall PSC - witness Wells
Note: Sacre, Candace Not sure if surcharge used for that or not?

12:09:14 PM Staff Atty Hall PSC - witness Wells
Note: Sacre, Candace Not grant to fund five positions, came from Gateway loan?

12:09:31 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	A grant from Gateway?
12:09:55 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	Chose to hire, payroll expenses went up?
12:10:05 PM	Commissioner Regan - witness Wells Note: Sacre, Candace	Examination. Possible Gateway received grant?
12:10:22 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	Cross Examination (cont'd). Mention of grant from that, where that confusing is coming?
12:10:24 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	When board become aware of financial distress and how bad?
12:10:50 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	Prior to that, board not know how bad was?
12:11:10 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	Feel doing decent because of inaccuracies in past?
12:11:42 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	2022 audited financial statements note District took loan from Gateway ADD in May of 2021, working capital and equipment purchases, know how much used for equipment?
12:11:59 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	What about for working capital, or better for Elam?
12:12:19 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	Discussions about vehicle leases, number of leases and loans, know if District obtained financial approval from Commission?
12:12:39 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	Would Elam know?
12:12:49 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	Who responsible for presenting information from PSC to board?
12:13:08 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	Who was it where noted bank balance information presented to board instead of reconciled books, who presenting information?
12:13:32 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	When learned, board inquire why not presented with reconciled information?
12:14:00 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	In motion for increase, states District prepared emergency cost reductions and plans delay expenses, explain what cost reductions and plans were?
12:16:46 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	Plans put in place prior to board figuring out how bad shape District in?
12:17:16 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	Anything else been done to cut costs?
12:18:00 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	In same motion, stated District implemented policies to prevent emergency situation, anything else been done or not account for that resulted?
12:18:27 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	Implemented policies to prevent emergency situations?
12:18:34 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	Have cost reduction plan, anything else done or planned for to prevent emergency situations?

12:20:25 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	When board identified or presented with fact getting inaccuracies within bookkeeping, is what prompted put policies and procedures in place for cost reduction?
12:21:24 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	Know if District out of compliance with loan covenants?
12:21:32 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	Ask Elam?
12:21:47 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	Why District not request phase-in rate in application?
12:21:59 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	Rate increase 25.3 percent allow District break even?
12:22:13 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	But if doesn't remain constant?
12:22:19 PM	Staff Atty Hall PSC - witness Wells Note: Sacre, Candace	Explain why think District needs emergency rate increase?
12:22:56 PM	Chairman Chandler Note: Sacre, Candace	Recess until 1:10.
12:23:09 PM	Session Paused	
1:16:46 PM	Session Resumed	
1:16:56 PM	Chairman Chandler Note: Sacre, Candace	Back on the record.
1:17:01 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Examination. Name came up number of times as board member, aware?
1:17:20 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Composition of board was discussed in context of had engineer for state, a person that worked at bank, and person who helped run a fairly successful business, hope was things go differently than had, and next year came in for rate case, sound right?
1:17:43 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	How much of board there still there when discussion happened in 2019 still there as board members?
1:17:53 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Just you. Linda's gone?
1:17:58 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	I forget, Eric or Aaron? Zack, last name started with a C?
1:18:05 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	The banker?
1:18:08 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Banker and engineer, so state employee and banker?
1:18:13 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Vote for increase, vote to file rate case?
1:18:19 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Was it a 5-0 vote?
1:18:27 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Four board members, 4-0 vote?
1:18:34 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Back in 2019 investigation on water loss, remember was a thing District involved in?
1:18:43 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Discussions about county judge executive telling water District, "Do not file for rate increase until fix water loss," remember?

1:18:52 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	That level involvement continue by fiscal court?
1:19:03 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Sound like other elected officials expressed positions regarding activities of District?
1:19:13 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Judge more hands off?
1:19:18 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	A new judge, starting?
1:19:28 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Previous judge one term?
1:19:39 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Before that?
1:19:46 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Not much involvement and one incident not raise rates, filed anyway, water loss is down?
1:20:16 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Bring on five employees exclusively to reflect as employees in test year in case here?
1:20:33 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	2019, annual report that year eight employees, 2022 report says 11, asked Miller earlier, right?
1:20:52 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Sounds like from testimony today was 14, now 16?
1:20:59 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Double what reported in 2019?
1:21:15 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Curious about five at once, function of bring into compliance or function of available through grant, already trained, might as well hire full five?
1:22:05 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Knowing everything know right now, would you have agreed to hire five of them way did?
1:22:29 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Knowing everything know now, would you have hired five exact time the same way you did?
1:22:53 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Were paying employees from surcharge funds?
1:23:04 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Somebody said one just doing leaks?
1:23:10 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Picked up on finances?
1:23:20 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	How much hiring the five already here or shoving them in so can tell PSC known and measurable adjustment?
1:23:35 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Sounds like more latter than former, was in large part getting those expenses into utility's financial structure?
1:23:48 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	As opposed proposing surcharge and then hiring?
1:23:56 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	The hope getting to 30 percent by end of year, think possible even under proposed rate structure only going up to cover operating expenses?

1:24:21 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Let me ask this question, as board, discussions about what capital investments necessary to effectuate an increased reduction in water loss?
1:25:05 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Who had that discussion with?
1:25:16 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	One of documents, Cost Reduction, continue testing meters over ten years, know how many have in excess ten years old?
1:25:26 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Commission has requirement either test or replace after ten years?
1:25:35 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Surprise you to know Commission came up with lots of evidence when meters typically go bad?
1:25:45 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	If utility able replace or test meters every ten years, fix a lot of the issue?
1:25:52 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Assumption good meter good for ten years?
1:25:59 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Replacing meters is capital cost?
1:26:06 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Had discussions in lieu of testing bench as opposed to buying meters, recovering over certain period, somebody talked to board?
1:26:27 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Have any customers?
1:26:32 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Pretty small utility?
1:26:40 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	A lot of utilities water loss issues, financial issues, a lot of them if we just get meter bench, how afford get meter bench and dedicate employee testing, who bringing you that information?
1:27:46 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Had discussions becoming bigger entity yourself?
1:28:12 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Work in business?
1:28:17 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Real benefits economies of scale and scope and expansion?
1:28:22 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	On business side, have expanded through mergers, consolidation, expansion?
1:28:33 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Buy another company, able buy in bulk, people charge less?
1:28:55 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Any of those discussions about jointly buying pipe with West Liberty or Cave Run, sharing equipment, any of those conversations happen?
1:30:04 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Details matter, ways to reduce cost, conversation happening?
1:30:23 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Directional boring machine, ditch witch?
1:30:31 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Trying to find cost reductions, what not on here looking at consolidation regionalization merger, not being actively discussed?

1:31:27 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Not saying ignore cost to achieve, get to figuring out costs to achieve are once have conversation?
1:31:40 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Aware term Phase 1?
1:31:46 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Anticipated cost \$2.9 million, Cleaner Water Program?
1:32:03 PM	Chairman Chandler Note: Sacre, Candace	Have filing you made with all the minutes? (Click on link for further comments.)
1:33:08 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Examination. A filing of Sept board minutes, see that?
1:33:16 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	One of board members in attendance?
1:33:23 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	First there is Phase 2, Highway 191 water line replacement, see that?
1:33:32 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Already in process?
1:33:40 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Think in service?
1:33:42 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Fairly recently in service?
1:33:44 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Already come to Commission and approved by Commissioner, think done in 2021?
1:33:54 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Second item, second on agenda Phase 1, see that?
1:34:00 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Says water line extension, Ora Main person with Nesbitt said submitted paperwork, need permission from PSC but they are running behind on reviews, surprised first time heard of project when read minutes?
1:34:35 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Under impression this case filed with Commission?
1:34:55 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Before today, know Morgan and Associates refused give folks audited trial balance?
1:35:16 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Before today, know that Morgan and Associates refused give Miller and other rate consultants document he was referring to and claimed proprietary?
1:35:30 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Until today?
1:35:36 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Tell me your reaction to finding out person paid to do job now claiming work product from that job result not be given to your consultant?
1:36:08 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Sounds like this is your document?
1:36:16 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	How many years used Morgan and Associates for audits?
1:36:30 PM	Chairman Chandler - witness Wells Note: Sacre, Candace	Your experience consistently use same auditor or rotate auditors?

1:36:39 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	State recommends rotate three years, board had discussion about rotating auditors?
1:37:14 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	May be benefit of having additional looks?
1:37:31 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Think board benefitted from Franklin eyes being on things?
1:37:51 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Aware whether two resignations filled by judge/executive?
1:38:03 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Have been filled?
1:38:09 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	May not been sworn in yet?
1:38:45 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Are chair of board, right?
1:38:49 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	At first meeting new members attend, remind them under obligation to attend training?
1:38:59 PM	Chairman Chandler - witness Wells	Note: Sacre, Candace	Redirect?
1:39:05 PM	Chairman Chandler	Note: Sacre, Candace	Recess until fix IT issues.
1:39:34 PM	Session Paused		
1:41:28 PM	Session Resumed		
1:41:43 PM	Chairman Chandler	Note: Sacre, Candace	Back on the record.
1:41:49 PM	Chairman Chandler	Note: Sacre, Candace	Next witness?
1:41:52 PM	Atty Koenig Morgan District	Note: Sacre, Candace	Shannon Elam.
1:42:02 PM	Chairman Chandler	Note: Sacre, Candace	Witness is sworn.
1:42:10 PM	Chairman Chandler- witness Elam	Note: Sacre, Candace	Examination. Name and address?
1:42:25 PM	Atty Koenig Morgan District - witness Elam	Note: Sacre, Candace	Direct Examination. Describe professional experience and educational background?
1:42:49 PM	Atty Koenig Morgan District - witness Elam	Note: Sacre, Candace	Describe duties at Morgan District?
1:43:02 PM	Atty Koenig Morgan District - witness Elam	Note: Sacre, Candace	Before that on board?
1:43:22 PM	Atty Koenig Morgan District - witness Elam	Note: Sacre, Candace	Previously testified before PSC?
1:43:29 PM	Atty Koenig Morgan District - witness Elam	Note: Sacre, Candace	What purpose of testimony today?
1:43:45 PM	Atty Koenig Morgan District - witness Elam	Note: Sacre, Candace	Have caused exhibits and responses filed, have any changes or corrections?
1:43:56 PM	Atty Koenig Morgan District - witness Elam	Note: Sacre, Candace	Asked same questions, have same answers?
1:44:02 PM	Atty Koenig Morgan District - witness Elam	Note: Sacre, Candace	Intent have responses incorporated into this proceeding?
1:44:08 PM	Atty Koenig Morgan District - witness Elam	Note: Sacre, Candace	Describe how from board member to general manager?

1:45:24 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace 2016 incident where board told to reject what PSC recommended
2016 rate case, 23 years since rate increase?

1:45:46 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace On board at that time?

1:46:00 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Letter asking PSC give rest of rate increase?

1:46:51 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Prepare list of events had occurred?

1:47:00 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Exhibit 3, prepare list of events to help employees respond to
questions improvements made since 2019-00041 rate case?

1:47:41 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Part of it is to distill it down, a lot has happened since letter to PSC,
came from you?

1:47:58 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Not way rate increase process works?

1:48:14 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace During 2019 investigation, testify a few times, and since time one
more rate case in 2020, and surcharge case, much experience with
rate cases?

1:48:46 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Misunderstanding with PSC Order last rate case?

1:50:17 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Order said seek rate case in three to five years, think had to wait
until that time?

1:51:03 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Said saw consultant, saw KRWA in Nov 2022 to make sure in line?

1:51:21 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Asked to wait to get 2023, along same lines Wells explained board
trouble with reports, not information needed, described position
from 2019 to '21 rate case, focusing on water loss, what time was
that?

1:52:51 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Became certified as operator?

1:54:36 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Exhibit 3, summary of improvements made since 2019?

1:55:57 PM Atty Koenig Morgan District
Note: Sacre, Candace Move Exhibit 3 into record.

1:55:58 PM APPLICANT HEARING EXHIBIT 3
Note: Sacre, Candace ATTY KOENIG MORGAN DISTRICT - WITNESS ELAM
Note: Sacre, Candace BEFORE 2019 (OLD MANAGEMENT) and THE CHANGE AFTER 2019
(NEW MANAGEMENT)

1:56:17 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Direct Examination (cont'd). Improved so much got award from
KRWA?

1:58:28 PM Chairman Chandler
Note: Sacre, Candace Purpose of hearing today. (Click on link for further comments.)

1:59:05 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Direct Examination (cont'd). How vehicles leased?

1:59:22 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Why not have PSC approval?

1:59:30 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Describe how five employees came about?

2:00:12 PM Camera Lock Witness Activated

2:01:36 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Hire all the people?

2:01:37 PM Camera Lock Deactivated

2:01:41 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Thought two that not work out?

2:01:47 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace So not hire everyone that was part of program?

2:01:54 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Discussion what happen when 480 hours ran out?

2:02:45 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Discussion about not having five employees included in rate case?

2:02:59 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Recommendation keep known and measurable?

2:03:22 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Need five people?

2:03:23 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Was question asked, until determined not needed recommendation leave them on?

2:03:44 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Prepare cost reduction plan?

2:03:46 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Show it to board or email it to board so could review it?

2:04:04 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace How develop this list?

2:04:25 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Was recently, how much was that?

2:04:38 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Story about meter bench?

2:05:30 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Say number again?

2:06:52 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Do analysis on whether cheaper than replacing meters?

2:07:36 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Something with funding to buy meter test bench?

2:07:42 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Part of project?

2:07:46 PM Atty Koenig Morgan District
Note: Sacre, Candace Move Exhibit 4 entered into record.

2:07:47 PM APPLICANT HEARING EXHIBIT 4
Note: Sacre, Candace ATTY KOENIG MORGAN DISTRICT - WITNESS ELAM
Note: Sacre, Candace MORGAN COUNTY WATER DISTRICT COST REDUCTION PLAN

2:07:59 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Saw listings about Shannon reimburse, reimburse, reimburse, could explain?

2:08:56 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Have written procedures on purchasing policy?

2:09:08 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace A lot of written policies, develop in response to 2019-00041 case?

2:09:13 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace How employees know exist?

2:09:36 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Out of compliance on loan covenants?

2:09:45 PM Atty Koenig Morgan District - witness Elam
Note: Sacre, Candace Note obligations on loans have, debt service?

2:10:01 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Examination. Out of compliance with minimum reserve account associated with it?
2:10:38 PM	Atty Koenig Morgan District - witness Elam Note: Sacre, Candace	Direct Examination (cont'd). Explain zero balance leases on books?
2:11:44 PM	Atty Koenig Morgan District - witness Elam Note: Sacre, Candace	Hired KRW to do specific rate study?
2:11:54 PM	Atty Koenig Morgan District - witness Elam Note: Sacre, Candace	Realized gaps not pointing out things should have known?
2:12:30 PM	Atty Koenig Morgan District - witness Elam Note: Sacre, Candace	Result of way bookkeeping had inaccuracies?
2:12:40 PM	Atty Koenig Morgan District - witness Elam Note: Sacre, Candace	In compliance with PSC and Div of Water?
2:13:20 PM	Atty Koenig Morgan District - witness Elam Note: Sacre, Candace	Response to public comments and rate case, anything want to clear up?
2:14:06 PM	Atty Koenig Morgan District - witness Elam Note: Sacre, Candace	Part of your job and board's duty to file rate case?
2:14:14 PM	Atty Koenig Morgan District - witness Elam Note: Sacre, Candace	Realized very short of cash and emergency situation filed for the emergency interim rate?
2:14:29 PM	Chairman Chandler Note: Sacre, Candace	Not think this is best use of time. (Click on link for further comments.)
2:14:47 PM	Atty Koenig Morgan District - witness Elam Note: Sacre, Candace	Testimony Morgan District needs emergency interim rate increase?
2:14:54 PM	Chairman Chandler Note: Sacre, Candace	Counsel?
2:15:10 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Cross Examination. Gateway received grant, got free labor so benefited from that grant but not get grant?
2:15:17 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Ask Gateway for extension?
2:16:07 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Two of them not paying?
2:16:16 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	After the 480 hours?
2:16:34 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	If one of people quit, replace with somebody else?
2:16:47 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Amazon account and reimbursement, why not immediately separate personal account and one with Morgan District?
2:17:33 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Shown some place that you reimbursed those?
2:17:44 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Ask for that in a data request?
2:17:45 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	STAFF ATTY HALL PSC - WITNESS ELAM EVIDENCE OF ELAM REPAYMENT OF AMAZON ACCOUNT CHARGES
2:17:54 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	How much direct control have over day-to-day spending authorization?
2:18:37 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Written policies for types of expenditures permitted?

2:18:43 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Be able provide copy?
2:18:44 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace	STAFF ATTY HALL PSC - WITNESS ELAM WRITTEN POLICIES FOR TYPES OF EXPENDITURES PERMITTED
2:18:50 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Green fees for golf tournament and prizes of \$6,750 in Sept 2022?
2:19:34 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Commission authorize that?
2:19:39 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Decision by you?
2:19:45 PM	Vice Chairman Hatton - witness Elam Note: Sacre, Candace	Examination. \$6,000 donation from water board?
2:20:03 PM	Vice Chairman Hatton - witness Elam Note: Sacre, Candace	Donated that?
2:20:47 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Cross Examination (cont'd). Under assumption had money?
2:21:07 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Testified had direct control over day-to-day spending, you presented financial information to board?
2:21:28 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	When information presented just bank accounts, were you presenting that or former?
2:21:40 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Aware was presenting not best information to board?
2:25:17 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Prior to March 2023 when board realized situation, aware how bad books were prior to that?
2:29:40 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	General ledger March 4 2024 \$463.63 to Buffalo Wild Wings, what for?
2:29:41 PM	Via Presentation Activated	
2:30:09 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Include all employees?
2:30:13 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Flip to Career Day, March 5 2024 a little over \$1900 for Career Day?
2:31:49 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Reason why supplier not listed?
2:32:07 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Asked Franklin in event get increase and Commission grants lesser amount, ability refund customers that difference?
2:32:23 PM	Via Presentation Deactivated	
2:33:02 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	2022 audited financial statement, Gateway ADD May of 2021, working capital and equipment purchases, how much for equipment?
2:34:14 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Be able provide that?
2:34:17 PM	Commissioner Regan - witness Elam Note: Sacre, Candace	Examination. With a breakdown of the items?
2:34:18 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	STAFF ATTY HALL PSC - WITNESS ELAM 2022 FINANCIAL STATEMENT EXPENDITURE FOR EQUIPMENT IN FUNDS FROM GATEWAY ADD IN MAY 2021

2:34:24 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Cross Examination (cont'd). Know what status of loan is?
2:35:29 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Examination. Question was, was it paid off?
2:35:33 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	When taken out, '20 or '21?
2:35:36 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	And still outstanding?
2:35:40 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	And it's a five-year note?
2:35:42 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Not been brought to Commission?
2:35:56 PM	Staff Atty Hall PSC - witness Elam Note: Sacre, Candace	Cross Examination (cont'd). Explain why Morgan District needs emergency rate?
2:38:08 PM	Vice Chairman Hatton - witness Elam Note: Sacre, Candace	Examination. In underlying rate case, asking for 41 percent increase, biggest part is employee increases?
2:38:37 PM	Vice Chairman Hatton - witness Elam Note: Sacre, Candace	Got gifted employees from Gateway for 12 weeks, realized couldn't live without them?
2:39:01 PM	Vice Chairman Hatton - witness Elam Note: Sacre, Candace	Oh, my gosh, broke, why is that an emergency?
2:39:33 PM	Vice Chairman Hatton - witness Elam Note: Sacre, Candace	Trying to figure out why not plan for it employees not paid for after 12-week period?
2:41:00 PM	Vice Chairman Hatton - witness Elam Note: Sacre, Candace	Figure out justification for emergency motion, when we see \$6,000 donations, employees have to pay for knew not paid for?
2:41:26 PM	Vice Chairman Hatton - witness Elam Note: Sacre, Candace	Amazon charges, how emergency there?
2:41:55 PM	Vice Chairman Hatton - witness Elam Note: Sacre, Candace	Short-term, given raises?
2:42:12 PM	Vice Chairman Hatton - witness Elam Note: Sacre, Candace	Hiring freeze, this just came out?
2:42:28 PM	Chairman Chandler Note: Sacre, Candace	Commissioner?
2:42:31 PM	Commissioner Regan - witness Elam Note: Sacre, Candace	Examination. Talk about backlash from community about rate increase?
2:44:09 PM	Commissioner Regan - witness Elam Note: Sacre, Candace	Opposed to 41 percent versus 25 percent or opposed in general?
2:45:39 PM	Commissioner Regan - witness Elam Note: Sacre, Candace	If not pay that much, would lose employees?
2:45:50 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Examination. 2021-00146 CPCN water improvements, two miles water line on 172, and 60 meters, right?
2:46:19 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	That project's done?
2:46:23 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Aware Order said notify Commission one week of project starting and at 50 percent completion point?
2:46:34 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Aware of that requirement?

2:46:41 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Surprised only notice Commission got back in May '21 notice of beginning it, not 50 percent?
2:46:50 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	How about Case No. 2022-00245 is to borrow \$3.26 million from KIA, remember that?
2:47:33 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Aware are to give notice when started and at 50 percent?
2:47:48 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	But supposed to give us one week before beginning construction and at 50 percent completion point, nothing filed in that docket?
2:48:05 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Sept meeting minutes, trying to get employees since Sept board meeting so can include cost in rate case, correct?
2:48:16 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Not surprising when got them in Jan or Feb or Mar, trying to get them since Sept, talked to board in Sept so could include in rate case?
2:48:26 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Have conversation in Sept when Wells wanted to table discussion until next month, inform them would not have money to pay them?
2:48:40 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	This is before Gateway, right? September was before Gateway?
2:48:48 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	September is before Gateway?
2:51:23 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	In Sept, asked to hire people and board tabled it?
2:51:29 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Then hired them in October?
2:51:34 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Hired people in October, when brought to board in Sept and Oct, have concern not have enough money to pay them?
2:51:53 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Hear reference Phase 1 about PSC being behind, reference in minutes?
2:52:07 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Phase 1 filed with Commission?
2:52:24 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Phase 1 water line extension, Cleaner Water grant?
2:52:43 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	From minutes, still need permission, running behind on reviews?
2:53:07 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Construction start in spring, you don't expect that?
2:53:32 PM	Commissioner Regan - witness Elam Note: Sacre, Candace	Examination. Spent that money?
2:53:45 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Examination. Contract with county to pay for leases?
2:53:54 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	County has leases?
2:54:16 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	You have lease, do you all sign it or does county sign it and have agreement pay them back?
2:54:35 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Not pay, whose door knocking on, yours or judge's?

2:54:44 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Ask for loan documents?
2:54:45 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace	CHAIRMAN CHANDLER - WITNESS ELAM PROVIDE ALL VEHICLE LOAN DOCUMENTS
2:54:56 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	Following Sept meeting minutes, ever end up having discussions other districts about consolidation, regionalization, or joint purchasing?
2:55:32 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	In post-hearing data request, ask for details of those conversations?
2:55:33 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	CHAIRMAN CHANDLER - WITNESS ELAM PROVIDE DETAILS OF DISCUSSIONS WITH OTHER DISTRICTS REGARDING CONSOLIDATION, REGIONALIZATION, JOINT PURCHASING
2:55:38 PM	Chairman Chandler - witness Elam Note: Sacre, Candace	How much redirect think have?
2:55:41 PM	Chairman Chandler Note: Sacre, Candace	Anything else?
2:55:50 PM	Chairman Chandler Note: Sacre, Candace	Post-hearing data requests.
2:56:16 PM	Chairman Chandler Note: Sacre, Candace	Supplemental memorandum in support of motion.
2:58:00 PM	Chairman Chandler Note: Sacre, Candace	Anything else?
2:58:05 PM	Chairman Chandler Note: Sacre, Candace	Hearing adjourned.
2:58:31 PM	Session Ended	



Exhibit List Report

2024-00010 02May2024

Morgan County Water District
(Morgan District)

Name:	Description:
APPLICANT HEARING EXHIBIT 1	MORGAN COUNTY WATER DISTRICT PROFIT AND LOSS MARCH 2024
APPLICANT HEARING EXHIBIT 2	MORGAN COUNTY WATER DISTRICT PROFIT AND LOSS APRIL 2024
APPLICANT HEARING EXHIBIT 3	BEFORE 2019 (OLD MANAGEMENT) and THE CHANGE AFTER 2019 (NEW MANAGEMENT)
APPLICANT HEARING EXHIBIT 4	MORGAN COUNTY WATER DISTRICT COST REDUCTION PLAN

Morgan County Water District

Profit and Loss

March 2024

	TOTAL
Income	
461 Water Revenue	
461.1 Residential Meter Sales	136,072.24
461.2 Commercial Meter Sales	16,952.88
464 Wholesale	7,787.78
Total 461 Water Revenue	160,812.90
475 Surcharge	17.61
Non Water Revenue	
470 Forfeited Discounts	
470.1 Late Fee	2,831.86
470.2 Web Fees	783.65
Total 470 Forfeited Discounts	3,615.51
471 Utility Service Revenues	
471.1 Disconnect Fee	458.07
471.2 Reconnect Fee	185.18
471.3 Return Check Fee	8.00
471.4 Service Trip Fee	352.20
Total 471 Utility Service Revenues	1,003.45
472 Interest Income	5.36
4999 Uncategorized Income	70.22
Total Non Water Revenue	4,694.54
Total Income	\$165,525.05
GROSS PROFIT	\$165,525.05
Expenses	
601 Payroll Expenses	0.00
Company Contributions	
Retirement	10,140.35
Total Company Contributions	10,140.35
Taxes	6,798.32
Wages	43,790.63
Total 601 Payroll Expenses	60,729.30
604 Employee Pensions and Benefit	
604.1 Health & Supplemental Insurance	
604.1.1 Aflac	186.23
604.1.2 Colonial Life	44.00
604.1.3 Anthem Health Insurance	12,659.38
604.1.4 Globe Life	691.40
604.1.5 Retirement-Health Insurance	930.76
604.1.6 Anthem Life	153.75
Total 604.1 Health & Supplemental Insurance	14,665.52

**MORGAN DISTRICT
HEARING EXHIBIT 1**

Morgan County Water District

Profit and Loss

March 2024

	TOTAL
604.2 CERS	21,317.89
604.3 Kentucky Deferred Compensation	660.00
604.4 Uniforms/ Boots	
604.4.1 UniFirst	2,691.62
Total 604.4 Uniforms/ Boots	2,691.62
Total 604 Employee Pensions and Benefit	39,335.03
610-Purchased Water	
610.2 West Liberty Waterworks	27,559.86
Total 610-Purchased Water	27,559.86
615 Utilities	
615.1 Purchased Power	
615.1.1 American Electric Power	1,482.01
615.1.2 Licking Valley RECC	1,900.37
Total 615.1 Purchased Power	3,382.38
615.2 Cellular	
615.2.1 Appalachian Wireless	1,131.38
Total 615.2 Cellular	1,131.38
615.3 Telephone	
615.3.1 Mountain Telephone	587.91
Total 615.3 Telephone	587.91
615.4 Trash Disposal	
615.4.1 Waste Management	143.72
Total 615.4 Trash Disposal	143.72
Total 615 Utilities	5,245.39
620 Materials and Supplies	
620.1 Office Supplies	61.22
620.1.1 American Business Systems	186.52
620.1.4 Amazon	1,762.62
620.1.7 Non-Reoccurring Vendors	864.01
Total 620.1 Office Supplies	2,874.37
620.2 Postage	
620.2.0 Postage	20.34
620.2.1 Stamps	1,458.83
Total 620.2 Postage	1,479.17
620.3 Water System Supplies	
620.3.1 Consolidated Pipes	2,521.05
620.3.2 Utility Solutions	8,553.85
620.3.4 CITCO Water	3,778.15
620.3.7 Frederick and May	721.13
Total 620.3 Water System Supplies	15,574.18

Morgan County Water District

Profit and Loss

March 2024

	TOTAL
620.4 Chlorine Chemicals	
620.4.2 Hach	528.00
Total 620.4 Chlorine Chemicals	528.00
620.6 Subscriptions	1,520.00
620.6.1 Authnet- Web Billing Services	36.50
620.6.2 Intuit- Payroll Services	274.01
620.6.5 Google Suite	129.74
Total 620.6 Subscriptions	1,960.25
Total 620 Materials and Supplies	22,415.97
650 Transportation Expense	
650.2 Auto Service and Repair	
650.2.5 Car Quest	62.21
Total 650.2 Auto Service and Repair	62.21
Total 650 Transportation Expense	62.21
675 Non-Budget Expense	
675.4 Non-Budget Items	1,912.32
675.5 Meals	463.63
Total 675 Non-Budget Expense	2,375.95
680 Taxes	
680.1 941 Federal Payroll Tax	9,990.08
Total 680 Taxes	9,990.08
699 Debt Service (Bonds & Notes)	
699.2 Regions KIA Bond	8,209.38
699.4 GWADD Note	1,092.75
699.5 BOTM Note	168.00
Total 699 Debt Service (Bonds & Notes)	9,470.13
Contractual Services	
367 Other	54.91
632 Accounting	2,500.00
634 Office	
634.1 United Systems	207.00
634.2 American Profit Recovery	87.50
Total 634 Office	294.50
636 Field	16.50
Total Contractual Services	2,865.91
Insurance	
659 Insurance Other	
659.2 KACo Insurance	500.00
Total 659 Insurance Other	500.00
Total Insurance	500.00

Morgan County Water District

Profit and Loss

March 2024

	TOTAL
Miscellaneous Expenses	
660 Advertising	25.00
671 Bank Charge	810.55
Total Miscellaneous Expenses	835.55
Uncategorized Expense	186.62
Total Expenses	\$181,572.00
NET OPERATING INCOME	\$ -16,046.95
Other Expenses	
Surcharge Fees Account	155.39
Total Other Expenses	\$155.39
NET OTHER INCOME	\$ -155.39
NET INCOME	\$ -16,202.34

Morgan County Water District

Profit and Loss

April 2024

	TOTAL
Income	
461 Water Revenue	
461.1 Residential Meter Sales	141,761.47
461.2 Commercial Meter Sales	17,624.30
461.4 Chargeback	-106.47
464 Wholesale	7,478.48
Total 461 Water Revenue	166,757.78
475 Surcharge	11.74
Non Water Revenue	
470 Forfeited Discounts	
470.1 Late Fee	2,501.00
470.2 Web Fees	720.20
Total 470 Forfeited Discounts	3,221.20
471 Utility Service Revenues	
471.1 Disconnect Fee	2,667.01
471.2 Reconnect Fee	1,143.73
471.3 Return Check Fee	2.00
471.4 Service Trip Fee	330.15
Total 471 Utility Service Revenues	4,142.89
472 Interest Income	2.60
473 Tap-on-Fee	2,905.00
Total Non Water Revenue	10,271.69
Total Income	\$177,041.21
GROSS PROFIT	\$177,041.21
Expenses	
601 Payroll Expenses	10,537.80
Company Contributions	
Retirement	10,418.15
Total Company Contributions	10,418.15
Taxes	6,204.21
Wages	45,096.88
Total 601 Payroll Expenses	72,257.04
601.0 Payroll Expense	
601.0.1 Qtrly. Return of License Fee	1,843.85
Total 601.0 Payroll Expense	1,843.85
604 Employee Pensions and Benefit	
604.1 Health & Supplemental Insurance	
604.1.1 Aflac	186.23
604.1.3 Anthem Health Insurance	10,124.26
604.1.4 Globe Life	691.40
Total 604.1 Health & Supplemental Insurance	11,001.89

**MORGAN DISTRICT
HEARING EXHIBIT 2**

Morgan County Water District

Profit and Loss

April 2024

	TOTAL
604.2 CERS	12,338.82
604.3 Kentucky Deferred Compensation	445.00
604.5 Training/ Conference/ Expo	300.00
Total 604 Employee Pensions and Benefit	24,085.71
615 Utilities	
615.2 Cellular	
615.2.1 Appalachian Wireless	3,047.09
Total 615.2 Cellular	3,047.09
Total 615 Utilities	3,047.09
620 Materials and Supplies	
620.1 Office Supplies	
620.1.1 American Business Systems	248.55
620.1.4 Amazon	25.95
620.1.7 Non-Reoccurring Vendors	311.64
Total 620.1 Office Supplies	586.14
620.2 Postage	
620.2.1 Stamps	318.00
620.2.2 Bulk Mail	1,219.05
Total 620.2 Postage	1,537.05
620.3 Water System Supplies	
620.3.1 Consolidated Pipes	669.50
620.3.7 Frederick and May	5.99
Total 620.3 Water System Supplies	675.49
620.6 Subscriptions	7.21
620.6.1 Authnet- Web Billing Services	1,131.40
620.6.2 Intuit- Payroll Services	341.85
620.6.3 SignAPay	79.90
620.6.5 Google Suite	141.05
Total 620.6 Subscriptions	1,701.41
Total 620 Materials and Supplies	4,500.09
650 Transportation Expense	
650.1 Enterprise	8,217.61
650.2 Auto Service and Repair	
650.2.4 Quality Quick Lube	136.60
Total 650.2 Auto Service and Repair	136.60
650.3 Fuel	3,198.84
Total 650 Transportation Expense	11,553.05
675 Non-Budget Expense	
675.4 Non-Budget Items	206.67
Total 675 Non-Budget Expense	206.67

Morgan County Water District

Profit and Loss

April 2024

	TOTAL
680 Taxes	
680.1 941 Federal Payroll Tax	10,247.87
680.2 Ky State Tax Withholding	1,525.75
680.4 Gross Utility Tax	4,334.52
680.5 Sales & Use Tax	689.18
Total 680 Taxes	16,797.32
699 Debt Service (Bonds & Notes)	
699.2 Regions KIA Bond	8,209.38
Total 699 Debt Service (Bonds & Notes)	8,209.38
Contractual Services	
632 Accounting	2,500.00
633 Legal	8,382.50
635 Water Testing Labs	1,578.64
636 Field	193.23
Total Contractual Services	12,654.37
Insurance	
659 Insurance Other	
659.2 KACo Insurance	1,564.46
Total 659 Insurance Other	1,564.46
Total Insurance	1,564.46
Miscellaneous Expenses	
660 Advertising	280.00
665 Membership Dues	230.00
671 Bank Charge	736.70
Total Miscellaneous Expenses	1,246.70
Total Expenses	\$157,965.73
NET OPERATING INCOME	\$19,075.48
Other Expenses	
USDA Bonds - Interest	1,712.71
USDA Bonds - Principle	6,500.00
Total Other Expenses	\$8,212.71
NET OTHER INCOME	\$ -8,212.71
NET INCOME	\$10,862.77

****BEFORE 2019 (OLD MANAGEMENT)****

1. MCWD had never applied for a rate case through the PSC from 1992 to 2015 (23 years). Since 2019, we have been ordered by the PSC to conduct a rate study every three to five years. PSC Rate Cases: 2016, 2021, 2024.
 - a. In the 2016 Rate Case, the PSC recommended a 26.56% increase, stating the District needed this rate to meet its financial obligations. The District initially refused to accept that rate and only wanted a 15% increase. In 2017, the District acknowledged its error and requested the full 26.56% recommended rate. This action resulted in continued lack of confidence and growing concerns from the PSC about the District, as stated in later cases and orders.
2. In 2019, MCWD was called to a formal hearing by the PSC. The investigation uncovered gross mismanagement of financial practices, no rate review schedule, and lack of system compliance by the management. By 2019, MCWD was not meeting its basic responsibilities in finance, water quality audits, PSC audits, and water system management. It was on the path to a complete system failure on all fronts. KRWA and KYDOW had already begun working on contingency plans for MCWD's failure, stating, "It's not a matter of if, but how quickly it will fail."
3. Water loss during this period was approaching 70%. Four active leaks known to field staff were not fixed until the new management addressed them in December 2019.
4. The District was not able to make bond payments, being over 30 days late with 90% of vendors. In spring of 2019, the board had to borrow \$30,000.00 to cover a debt service payment due in July 2019.
5. No asset management program, no GIS mapping program, and approximately 60% of assets such as valves, hydrants, blow-offs, air relief valves, and meters were not identified or located. There were no preventive maintenance plans in place.
6. No inventory management program in place.
7. No Capital Improvement Plan in place.
8. No Rate Structure Review Plan in place.
9. No collection plan for bad debt; approximately \$70,000 of unpaid water bills by the end of 2019.
10. MCWD owed the City of West Liberty approximately \$35,000.00 in old water bills over many years.
11. Computers, SCADA, and office equipment were outdated and/or not working properly.
12. No safety equipment was available, and there was non-compliance with OSHA regulations regarding trenching, traffic, chlorine, confined spaces, fall protection, and MSDS stations.
13. A lack of proper system-wide water sampling. Most samples were repeatedly taken from the same locations. Samples should be pulled to represent the entire water system.
14. The 2016 AML water project began with \$730,000 in grant funds to MCWD – by 2020, no assets from that project were in use. Over 8,000 feet of 6-inch line and a \$250,000 pump station with a \$30,000 generator were never turned on or used.
15. No updated reviews of policies and procedures in place. Employment policies had not been updated since 1999.
16. Only one Class 2 Operator was on staff (KYDOW requires at least one Class 2 Operator for our system), with no backup operator.
17. Inaccurate financial reporting due to a lack of basic accounting training and experience.

18. Over 2,200 meters had not been tested within the ten-year regulation by PSC—no plan in place to address this issue from 2006 to 2009.

19. Multiple violations with KYDOW in water quality compliance.

20. No credit card machine, no online payment options for customers.

****THE CHANGE AFTER 2019 (NEW MANAGEMENT)****

1. A complete update and review of all policies, employee handbook, utility tariff, O&M manual, and other procedures. We now conduct a yearly review of all policies.

2. Asset management program – we implemented an ARC/GIS mapping system with KRWA and Gateway AD through an ARC grant. By 2024, 99% of all assets have been GPS located to within a foot. We hired a Field Maintenance Supervisor to develop and implement a preventive maintenance plan that includes monthly asset inspection and maintenance.

3. The 2021 rate increase funded essential equipment purchases and additional hires.

4. In 2020, credit card and online payments were implemented. This reduced office staff time in processing payments by approximately 25%.

5. By the end of 2024, MCWD will have a new cloud-based billing system, offering customers the option of paperless billing and the ability to make payments over the weekend.

6. A bad debt collection plan was implemented in 2020; to date, over 400 accounts have been turned over to collections, totaling \$60,646.24, with \$11,499.60 collected.

7. A system-wide flushing program began in 2021 with 192 flush hydrants and 228 blow-offs. This is a regulation

8. A valve exercise program started in 2021, covering 1,625 gate valves. This is a regulation

9. We hired a dedicated Leak Detector and purchased leak detection equipment in the summer of 2020.

10. Water loss was reduced to 34% by the end of 2023.

11. In the summer of 2023, the PSC removed the \$5.87 surcharge from customer bills for water loss due to successful water loss reduction efforts.

12. In 2022, MCWD was nominated as a Top 10 Water Utility in the State of Kentucky by KRWA.

13. In 2023, MCWD was awarded the KRWA Wooden Bucket Award as the #1 rated Water Utility in the state of Kentucky.

14. Since 2020, all bond payments have been made on time, with approximately 90% of vendors paid within 30 days.

15. The City of West Liberty's water bill was paid in full in 2021, with all subsequent bills paid on time.

16. MCWD now has (one) Class 3 operator, (one) Class 2 operator, and (two) Class 1 operators, with three more employees set to test in 2024.

17. Auto flushing has been reduced from over 4 million gallons to just over 400,000 gallons a month, saving the district over \$100,000 a year.

18. An Inventory Management System is in place, with two inventory audits conducted annually.

19. A Rate Structure Review plan is now in place, reviewed yearly, with a Rate Study conducted every three to five years.

20. A Capital Improvement Plan is in place, with two projects completed since 2019. MCWD has secured over \$5 million in grants for projects, with another \$10 million applied for in 2024 and 2025. We have four future project profiles approved by the regional water council.

21. MCWD has identified 84 sample sites in our system, and these sites have been GPS located. Our operators are pulling water samples from a broader range to ensure all our customers receive the best quality water possible.

22. A new Finance/Purchasing officer was hired, and we have completely overhauled our accounting system, leading to more accurate financial reports.

23. We are setting up a partnership with Toyota Manufacturing in Georgetown to help reduce waste (cost) in our system and implement a "LEAN WATER MANAGEMENT SYSTEM" mirrored from the Toyota Production System.

Water Usage over the last four years

	GALLONS (Omit 000's)				PROJECTED
	2020	2021	2022	2023	2024
Purchased Water	243,851	235,275	233,433	249,099	228,000
Metered Water Sales	115,696	120,233	126,109	143,954	155,000
Flushing	41,157	20,891	31,578	20,322	6,500
Unaccounted Water	86,736	94,151	75,746	84,823	66,500
NET WATER LOSS	35.57%	40.02%	32.45%	34.05%	29.17%

Glossary

- MCWD – Morgan County Water District
- PSC – Public Service Commission
- KYDOW – Kentucky Division of Water
- KRWA – Kentucky Rural Water Association
- AML – Abandon Mines Land



COST REDUCTION PLAN

Short Term Cost Reduction

- Continue to work the Water Loss and Leak Detection
 - Cut another 5% percent by the end of August
- Continue to replace 2 inch and above Master Meters
 - Trailer Park – 6,000 gallons per month
 - Elementary School – 60,000 gallons per month
- Continue meter changeout program (radio to cellular) Eliminate drive by radio reading – Quicker turn around on billing process
- Continue testing meters that are over 10 years (Full Time Employee)
- All new meter settings completed within 30 days
- Continue Purchasing Bid/Quote process to ensure we are getting the best prices for parts and equipment
- Employee raises on hold
- Purchase only essential parts for Water System
- No new equipment purchases
- Hiring Freeze (Needing to fill 1 additional position)

Long Term Cost Reduction

Continue efforts of Water Loss below 15%

- All customer water meters 100% tested/replaced over 10 years old
- 100% - All Auto-Flushers are metered – Savings over \$100,000 over that last four years
- Continue to monitor Auto-Flushing Program and make adjustments with temperature changes
- Moved pump station and purchasing water from different producer (savings approx. of \$15,000 per year)
- Look at other Water Purchase options to check and see if we can buy somewhere cheaper
- Continue to investigate ways to reduce overall flushing demand and still maintain acceptable chlorine levels
- Continue to improve reducing waste (Defects, Overproduction, Waiting, Transport, Inventory, Motion, Extra Processing, Un-used talent)

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