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Angie Hatton
Chair

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John Will Stacy
Commissioner

November 14, 2024

PARTIES OF RECORD

Re: Case No. 2024-00075

Notice is given to all parties that the attached City of Burkesville and Cumberland County Water District Informal Conference Memorandum and attendance sign in has been filed into the record of this proceeding.

If you have any comments you would like to make regarding the contents of the document, please do so within five days of receipt of this letter. If you have any questions, please contact Michael Crum, Staff Attorney, at Michael.Crum@ky.gov.

Sincerely,

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

Linda C. Bridwell, PE
Executive Director

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2024-00075

FROM: Michael Crum, PSC Staff Attorney

DATE: November 8, 2024

RE: Informal Conference (IC) of November 8, 2024

Pursuant to an Order issued on October 22, 2024, a virtual informal conference (IC) was conducted on Friday, November 8, 2024, at 10:00 a.m. Attached is a copy of the attendance roster.

The purpose of the IC was to afford the City of Burkesville and Cumberland County Water District an opportunity to present information or facts not presented in its proposed tariff or in its responses to Requests for Information related to its proposed Phase 3 wholesale water rate increase. This IC was scheduled at the request of the City of Burkesville in its motion to reconsider filed on October 2, 2024.

PSC Staff Attorney Michael Crum opened the meeting reiterating that PSC Staff cannot speak on behalf of the Commission nor make any decisions on behalf of the Commissioners, but PSC Staff would take any information the City of Burkesville presented to the Commissioners to inform their decision making. Attorney Michael Crum also informed the City of Burkesville that although its proposed Phase 3 wholesale water rates that were scheduled to go into effect in 2026 were denied in the current proceeding, the City of Burkesville may submit wholesale water rate adjustments at any time for the Commission to consider. After these points were made and after introducing PSC Staff Attorney Kala Means, PSC Rates and Tariffs Manager Jeff Abshire, and PSC Financial Analyst IV Daniel Hinton, who were also present at the virtual IC, PSC Staff turned the discussion over to the City of Burkesville and Cumberland County Water District to present their information.

First to speak on behalf of the City of Burkesville was Robert Miller with Kentucky Rural Water Association. Mr. Miller said he has been employed in utility ratemaking for over 43 years. Mr. Miller identified four areas where he respectfully disagreed with the Commission's denial of the proposed Phase 3 rate:

1. Following the Kentucky Supreme Court's decision in *Simpson County Water District v. City of Franklin* (1994), Mr. Miller believes a precedent was established where the PSC would not intervene in an agreement where a municipality and water district reached consensus and entered into a contract regarding rates.

2. Mr. Miller stated he believes the PSC should have accepted or rejected the agreement between the City of Burkesville and Cumberland County Water District in its entirety rather than picking and choosing what the PSC found acceptable and what it found unacceptable as it relates to the contract.
3. Mr. Miller's opinion was that the PSC incorrectly analyzed the proposed contract rates one year at a time instead of looking at the proposed Phase-Ins holistically taking into account the effects of rate shock on the water customers.
4. According to Mr. Miller, by denying the proposed Phase 3 rates, the PSC has taken away the incentive for Phase-In approaches to rate making which is against the public's interest.

City of Burkesville Mayor Laurel Irby spoke next explaining that the contract between the City of Burkesville and Cumberland County Water District was reached in good faith and after close negotiations with the guidance of Mr. Miller from Kentucky Rural Water. Mayor Irby further stated that the proposed rates were fair for everyone involved, that both parties were represented by counsel during the rate negotiations, the phase-in approach was recommended by the county attorney, and that the City of Burkesville was also considering the interest of Cumberland County Water District's customers when deciding on reasonable rates.

The third and final speaker was Cumberland County Water District Chairman Troy Norris. Mr. Norris wanted to reiterate from Cumberland County Water District's side that he believed the rates to be fair and that the contract was negotiated in good faith with the City of Burkesville.

Attorney Holly Parrigin, counsel for the City of Burkesville, asked if anyone from the City of Burkesville had any questions about the "numbers" side of things or about the rates themselves. Nobody raised any questions or requested clarification about the calculations.

PSC Staff then said it had nothing to add at this time and did not have any questions.

There being no further discussion, the IC was then adjourned.

cc: Parties of Record

PSC INFORMAL CONFERENCE SIGN IN SHEET

CASE NUMBER: IC 2024-00075 City of Burkesville and Cumberland County Water District

LOCATION: Microsoft Teams

DATE: November 8, 2024 10:00am – 11:00am EST

NAME	COMPANY
Michael Crum	PSC-Legal
Kala Means	PSC-Legal
Jeff Abshire	PSC-Financial Analysis
Daniel Hinton	PSC-Financial Analysis
Hally Parrigin	Attorney for City of Burkesville
Robert Miller	Kentucky Rural Water Association
Laurel Irby	Mayor of City of Burkesville
Mark Vibbert	Cumberland County Water District-Secretary
Troy Norris	Cumberland County Water District-Chairman
Michael Ballard	Cumberland County Water District-General Manager

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