

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| ELECTRONIC APPLICATION OF KENTUCKY |) | |
| RURAL WATER ASSOCIATION FOR |) | CASE NO. |
| ACCREDITATION APPROVAL OF |) | 2025-00033 |
| COMMISSIONER TRAINING AND CONTINUING |) | |
| EDUCATION CREDIT |) | |

ORDER

On February 6, 2025, Kentucky Rural Water Association (KRWA) filed an application¹ for approval and accreditation, pursuant to KRS 74.020(6) and (7) and 807 KAR 5:070, for the proposed water district management training titled Water District Commissioner Training (Training Program) scheduled to take place on March 18, 2025, at the office of the Oldham County Water District in LaGrange, Kentucky.

Having reviewed the KRWA's request and being otherwise sufficiently advised, the Commission finds that the Training Program should be approved to satisfy the six hours of training described by KRS 74.020(6) and (7), subject to the conditions discussed below. KRWA did not request the Training Program be approved and accredited to satisfy any portion of the 12 hours of initial training for newly appointed commissioners required by KRS 74.020(8).

¹ All applications should be filed in an optimized pdf format (searchable or OCR) and include bookmarks to distinguish sections. Any future applications from KRWA not meeting this requirement will be rejected as deficient.

DESCRIPTION OF THE TRAINING PROGRAM

According to the application the Training Program will be conducted in person on March 18, 2025, at the office of the Oldham County Water District in LaGrange, Kentucky.

The Training Program will consist of the following sessions:

1. Board Members' Duties and Responsibility, presented by Damon Talley. (1 hour): Learn the general and specific duties of a board member and their role in governing the affairs of the utility. The presenter will discuss what the Board should expect from its General Manager and what the General Manager should expect from the Board. Tips for avoiding conflicts of interest, keeping minutes of Board meetings, the need to adopt and comply with Board policies, and compliance with PSC Orders will also be explained.

2. Relations with the Public Service Commission: Best Practices for Maintaining Positive Interaction, presented by Tina Frederick. (1 hour): This presentation focuses on the practices that KRWA advises utilities to undertake to ensure good and effective relations with the Commission. The presentation will review the challenges that the Commission currently faces, common mistakes that utilities make when seeking relief from the Commission, the importance of carefully reviewing and complying with Commission orders, and the importance of compliance with regulatory filing deadlines. It will also discuss how the Commission reviews applications for relief and what filers should generally expect.

3. Internal Controls, presented by Lacey Cunningham and Russ Rose. (1 hour): This session will cover the importance of internal controls for utilities. Topics will include what utilities should do to protect themselves against fraud and ensure transparency, accountability, and the safeguarding of assets. Presenters will also use a

real-world example of a long-term fraud case within a city government and how internal controls broke down or were non-existent.

4. Municipal Wholesale Rates, presented by Damon Talley and Tina Frederick. (1 hour): This session will provide insight into significant PSC decisions involving municipal wholesale rates to water districts and associations. Presenters will outline rules and procedures governing wholesale rate adjustments and will provide suggestions for expediting this process. Learn which tactics produce successful results and which ones should be avoided.

5. Basic Procurement for Governmental Water Utilities, presented by Gerald Wuetcher. (1 hour): Utilities governed by the PSC have rules they must follow when purchasing goods and services. This session will explain the requirements utilities have to comply with when making purchases. Topics covered in this presentation will include the bidding statute, a discussion of professional services and the requirements for professional services versus other utility purchases, cooperative purchasing, statutory preferences, and procurement issues with state and federally funded projects.

6. What to Expect During a PSC Inspection, presented by Jason Pennell. (1 hour): PSC inspections are one of the primary ways utilities interact with the Public Service Commission. This session will provide an overview of the Kentucky Public Service Commission periodic inspections. Discussion will include an overview of the inspection process; common issues that may be identified during an inspection; and how the utility can improve inspection outcomes.

DISCUSSION

KRS Chapter 74 authorizes the creation of water districts for the purpose of operating drinking water facilities and wastewater treatment and collection facilities. Water districts organized under KRS Chapter 74 must be administered by a board of commissioners that shall control and manage the affairs of the district.² KRS 74.020(8) requires each newly appointed water district commissioner to complete 12 instructional hours of training regarding the laws governing the management and operation of water districts, and other subjects as determined appropriate by the Commission within 12 months of the commissioners' initial appointment.³ KRS 74.020(6) and (7) encourage water district commissioners to complete six instructional hours of "water district management training approved by the Public Service Commission" in each calendar year by allowing the commissioners to receive a raise if they complete the training each year.

KRWA indicates that it is seeking to have the Training Program approved to satisfy six hours of annual training necessary for water district commissioners to satisfy KRS 74.020(6) and (7), but it is not seeking to have it approved to satisfy the initial training requirements of KRS 74.020(8). The Commission has discretion in approving "water district management training" offered by third parties to satisfy the six hours of subsequent training described in KRS 74.020(6) and (7) if it determines that the programs are "high quality" and "will enhance a water district commissioner's understanding of his or her

² KRS 74.020(1).

³ KRS 74.020(8)(b) (discussing the training requirements for new water district commissioners).

responsibilities and duties.”⁴ However, third parties applying for approval of a proposed water district commissioner training program must file their applications, including a detailed description of the program, a description of the qualifications of any presenters, and a copy of the written materials to be distributed at the program among other things, 30 days prior to the first date on which the program is to be offered.⁵

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

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

IT IS THEREFORE ORDERED that:

1. KRWA’s Training Program scheduled to take place on March 18, 2025, is hereby conditionally approved and accredited for up to six hours of annual water district

⁴ See KRS 74.020(7)(c) (stating that the Commission “shall encourage and promote the offering of high-quality water district management training programs that enhance a water district commissioner’s understanding of his or her responsibilities and duties”).

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

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

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

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

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

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

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

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

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

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

6. KRWA shall permit a representative of the Commission to attend the Training Program at the Commission's discretion, without charge, to assess compliance

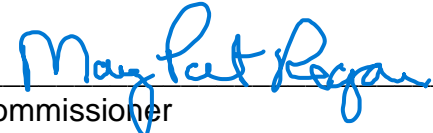
with this Order or the quality of instruction for any other purpose deemed necessary by the Commission.

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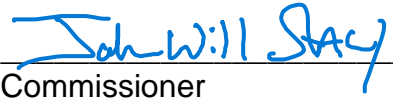
PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

ATTEST:



Executive Director

ENTERED
FEB 18 2025 AH
KENTUCKY PUBLIC
SERVICE COMMISSION

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