

PUBLIC WATER AND WASTEWATER SYSTEM INFRASTRUCTURE TASK FORCE

Minutes of the 1st Meeting of the 2020 Interim

July 13, 2020

Call to Order and Roll Call

The 1st meeting of the Public Water and Wastewater System Infrastructure Task Force was held on Monday, July 13, 2020, at 1:00 PM, in Room 171 of the Capitol Annex. Representative Jim Gooch Jr., Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Phillip Wheeler, Co-Chair; Representative Jim Gooch Jr., Co-Chair; Senators Brandon Smith and Robin L. Webb; Representatives Derek Lewis and Dean Schamore; Jory Becker, and Edith Frick-Halbleib.

Guests: Kent Chandler, Commissioner, Public Service Commission, Anthony R. Hatton, Commissioner, Kentucky Department for Environmental Protection, and Jory Becker, Water Infrastructure Branch Manager, Division of Water.

LRC Staff: Janine Coy, Tanya Monsanto, and Susan Spoonamore, Committee Assistant.

Kent Chandler, Commissioner, Public Service Commission (PSC), explained that the PSC regulates over 1,000 non-municipal water and sewer utilities, natural gas distribution systems and intrastate pipelines, electric utilities (investor-owned and jurisdictional cooperatives), and a small number of telecommunication entities. The PSC has three commissioners, 70 employees, and four internal divisions which include inspections, legal, financial analysis, and general administration. The PSC has electronic filing capabilities, but only about 50 percent of regulated entities file electronically.

Mr. Chandler stated that in response to COVID, twenty-nine states and the District of Columbia issued moratoriums on utility disconnects for non-payment. He said a few states had recently lifted those moratoriums. He stated that the PSC initially responded to COVID by suspending disconnects for non-payment and late fees, requested utilities implement tariffs liberally, ceased in-person inspections, and close buildings to the public. The commission also granted sweeping deviations for regulated entities on non-safety related inspections, office hours and lobby availability, paper filing, and filing of non-

safety related reports. Mr. Chandler said that the PSC handled all new cases electronically and have conducted six hearings virtually with live streaming over YouTube.

Mr. Chandler said that the PSC sent a data request to utilities asking what impact COVID was having on arrearages, customer usage, on-time payments, and a number of other different issues. He hopes to have all responses soon, but receipt of responses has been slow. Upon reviewing a few of the returned data requests, on-time payments had been consistent, but the dollar amount for customers that are delinquent are relatively higher. Moving forward, PSC has to determine when is it safe to open lobbies for utility companies, require in-person office hours, and have in-person meetings to review tariffs. The PSC is waiting to see if there will be additional federal assistance, if Congress will create a LIHEAP-type funding program for water utilities, and if there will be an increased number of utility rate increases cases for 2021.

Mr. Chandler said that the PSC conducted reviews of small utilities and there was a recommendation to require, by regulation or statute, that utilities have periodic rate reviews. He said the PSC recently ordered some small water districts and water associations to file rate cases within the next few months. He stated that at least two districts/associations had not had a rate review since 1985.

Mr. Chandler noted that the Gas Inspection Division had not been able to conduct in-person inspections, but the division has been able to conduct outdoor construction inspections. He expects in-person inspections to begin within the next 30 days.

In response to Senator Wheeler, Mr. Chandler said the average rate increase requested by a water district has varied. The PSC is conducting more frequent rate reviews in order to help districts with gradually increasing rates instead of waiting until failing districts have to drastically raise rates.

In response to Representative Gooch, Mr. Chandler said that some of the smaller utilities do not have the skills or all of the people it takes to compile and collect data. The PSC has realized that if the rates are not fair or the service is inadequate, then action must be taken.

Representative Gooch noted that LIHEAP now includes some funding for cooling assistance. It would be good to see LIHEAP include funding for water and sewer.

Jory Becker, Water Infrastructure Branch Manager, Division of Water, Kentucky Department for Environmental Protection (KDEP), stated that the cabinet's response to COVID has been focused on delivering essential services remotely. It is the mission of KDEP to protect human health and the environment and working to achieve sustainability for all the agency's stakeholders. He explained that there are water and wastewater infrastructure challenges, such as maintaining and repairing existing systems along with

water quality and water loss. The regionalization of public waters systems has been successful because managers of utilities are better trained and more resources are available. It is important to spread out the costs for ratepayers. Mr. Becker said regionalization is also a big factor for wastewater infrastructure. There are approximately 800 wastewater plants with thousands of miles of aging collection systems. Funding is becoming more of an issue with less options. The Division of Water's next priority is building infrastructure to new customers. Asset management and funding are important for improving and maintaining older systems. The key to maintaining essential services has been technology and regulatory flexibility. He stated that the electronic process for utilities to submit their data in a timely fashion has been very important.

Meeting adjourned.