

EAST PENDLETON WATER DISTRICT
P.O. BOX 29
601 WOODSON ROAD
FALMOUTH, KY 41040
859-654-2100 (PHONE)
859-654-3144 (FAX)

RECEIVED
OCT 29 2010
PUBLIC SERVICE
COMMISSION

I, Wayne Lonaker, do hereby certify that this response is true and accurate to the best of my knowledge, information, and belief.

Wayne Lonaker
Signature

STATE OF KENTUCKY)
)
COUNTY OF PENDLETON)

The foregoing Certification was subscribed and sworn to before me by Wayne Lonaker on this 27th day of October, 2010.

Sandra J. Moore
Notary Public

My Commission Expires: 8-26-2014
ID # 426552

1. The East Pendleton Water District Resolution attached to the Joint Application as Exhibit 14 was signed by Leslie Herbst, Chairman, on April 6, 2010. The Joint Application was filed with the Commission on August 4, 2010.

a. At the time the Board of Commissioners authorized the Chairman to execute the Verified Application, were the terms of the application known to the Commissioners?

YES

b. If yes, provide any Board minutes where the specific terms were discussed or approved.

SEE ATTACHMENTS A & B

c. If not, explain why they were not.

2. Who was involved in the negotiation process that established the terms of the Joint Application?

a. For East Pendleton?

WAYNE LONAKER, LESLIE HERBST, WILLIAM THOMPSON, DAVID PRIBBLE

b. For Falmouth?

N/A

3. When did the negotiations take place?

MARCH 3, 2009 – APRIL 6, 2010

SEE ATTACHMENTS C, D & E

4. Where were the negotiations held?

EAST PENDLETON WATER DISTRICT & BY PHONE

5. What is the value of the real property that is proposed to be transferred from East Pendleton to the City of Falmouth (“Falmouth”), described in the draft Quitclaim Deed of Dedication attached to the Joint Application as Exhibit 12?

SEE ATTACHMENT F

6. What is the value of the property that is proposed to be transferred from East Pendleton to Falmouth, described in the draft Bill of Sale attached to the Joint Application as Exhibit 12A?

SEE ATTACHMENT F

7. What is the value of the property that is proposed to be transferred from East Pendleton to Falmouth, described in the draft Bill of Sale attached to the Joint Application as Exhibit 12B?

SEE ATTACHMENT F

8. Describe why East Pendleton agreed to sell the property that is included in the Deed, the Quitclaim Deed of Dedication, and the Bill of Sale for \$1.00 each, with no provision or offset for the customers' rates.

EAST PENDLETON REQUESTED THE CITY USE COST BASED RATES, BUT WAS DECLINED. EAST PENDLETON ALSO REQUESTED \$ 25,000 FOR PROPERTY BUT CITY DECLINED.

SEE ATTACHMENTS G & H

9. Without the transfer, would East Pendleton's sewer operations require an upgrade in its infrastructure to provide adequate, efficient, and reasonable service to its customers?

YES

a. If yes, describe the needed upgrades and the associated costs involved.

EAST PENDLETON HAS OPERATED THE WASTEWATER COLLECTION SYSTEM FROM 1993 TO PRESENT. UPGRADES TO THE PACKAGE PLANT & THE CHLORINATION SYSTEM ARE MOST LIKELY NECESSARY. DUE TO THE AGE OF THE COLLECTION SYSTEM, A COMPREHENSIVE STUDY TO DETERMINE CONDITION OF COMPLETE SYSTEM WOULD BE REQUIRED. THE PLANT CURRENTLY NEEDS A NEW BLOWER MOTOR AND A DECLORINATION SYSTEM.

b. If yes, does East Pendleton anticipate that a rate adjustment would be needed?

A RATE INCREASE WOULD DEPEND ON UPGRADES DETERMINED BY COMPREHENSIVE STUDY.

ATTACHMENT A

April 6, 2010

The East Pendleton County Water District held its monthly meeting on April 6, 2010. Present were Leslie Herbst, Chairman; Bill Thompson, Commissioner; David Pribble, Commissioner; Wayne Lonaker, Manager; Todd Ramsey, Falmouth Water and Wastewater Supervisor; Henry Watson, III, Attorney for the City of Falmouth.

Les called the meeting to order. Bill read the minutes from the March 9, 2010 meeting. David made a motion to approve the minutes, seconded by Bill. The minutes were accepted as read.

The Board reviewed and discussed the bank and financial statements. David made a motion to approve the bank and financial statements, seconded by Bill. Motion carried.

The Board reviewed the water customer adjustments. David made a motion to approve the water customer adjustments, seconded by Bill. Motion carried.

Wayne updated the Board on the waterline project. The line should be laid down Carntown Road by the end of the week. There is a construction progress meeting scheduled for April 27.

Wayne discussed with the Board the generator grant that Pendleton County got for \$ 214,000. We are going to have our (3) pump stations wired to backup with generators.

Wayne informed the Board that the valve at Pump Station 1 needs to be replaced. The cost will be \$3,000.00.

Henry Watson presented a resolution to the Commissioners allowing the City to proceed at P.S.C. for transfer of Oak Haven Sewer from East Pendleton Water District to the City of Falmouth. Mr. Watson also presented drafts of a joint application for transfer and an agreement between East Pendleton Water District and the City of Falmouth for billing information and termination of service for non payment.

The next meeting is scheduled for May 11, 2010

Bill made a motion to adjourn, seconded by David. Meeting was adjourned.

Leslie Herbst, Chairman
William Thompson, Commissioner
David Pribble, Commissioner


EAST PENDLETON COUNTY WATER DISTRICT

EAST PENDLETON WATER DISTRICT
RESOLUTION 2010-_____

A RESOLUTION AUTHORIZING AND DIRECTING THE CHAIRMAN, ON BEHALF OF THE EAST PENDLETON WATER DISTRICT, TO EXECUTE THE VERIFIED APPLICATION TO BE FILED WITH THE PUBLIC SERVICE COMMISSION.

Be it resolved by the East Pendleton Water District:

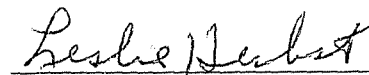
Section 1. As part of accepting the facilities known as the Oak Haven Sewer System, the City of Falmouth and the East Pendleton Water District will jointly submit a Verified Application to the Public Service Commission for the City to assume control of the System and adopt the sewer rates currently in effect.

Section 2. That the Chairman, on behalf of the Water District, be and hereby is authorized and directed to execute the Verified Application to be filed with the Public Service Commission, attached hereto and incorporated herein by reference.

This Resolution was adopted unanimously by the Members of the Board present, which constitute a quorum of said Board.

Introduced and enacted: Regular Meeting, April 6, 2010.

EAST PENDLETON WATER DISTRICT



Leslie Herbst, Chairman

ATTEST:



William Thompson, Secretary

I hereby attest that the foregoing Resolution was enacted by the East Pendleton Water District at its Regular Meeting on April 6, 2010.

4-6-2010
Date

Leslie Herbst
Leslie Herbst, Chairman

ATTACHMENT C

March 3, 2009

The East Pendleton County Water District held its monthly meeting on March 3, 2009. Present were Leslie Herbst, Chairman; Bill Thompson, Commissioner; David Pribble, Commissioner; and Wayne Lonaker, Manager.

Les called the meeting to order. Bill read the minutes from the February 3, 2009 meeting. David made a motion to approve the minutes, seconded by Bill. The minutes were accepted as read.

The Board reviewed and discussed the financial and bank statements. David made a motion to approve the statements, seconded by Bill. Motion carried.

The Board reviewed the monthly water customer adjustments. Bill made a motion to approve the adjustments, seconded by David. Motion carried.

Wayne discussed the Oak Haven Sewer Plant with the Board. The City of Falmouth has been discussing with Wayne their wishes of taking over this sewer plant. No action was taken on this.

Wayne discussed with the Board the estimates to rebuild the pump at the #1 Pump Station. The estimate from Atlas is \$ 2,894.00 and the estimate from Service Pump & Supply is \$ 6,875.00. David made a motion for Atlas to rebuild the pump, seconded by Bill. Motion carried.

Wayne discussed the customer payments by credit or debit cards. He informed Board that we cannot charge \$ 1 fee unless we charge a flat rate. We will still have to go through Systems East and pay \$ 500.00. Wayne is to talk to a representative from U S Bank about being a merchant provider and is to get back with the Commissioners when he has this information.

Wayne discussed roads for a ready to go project in the stimulus package. The District applied for approximately \$500,000. One half of the funds will be grant money and the other half will be a loan at a low percent rate for 20 years. We will need to have engineering done on other roads for the KIA money.

FEMA will pay \$ 60 per hour for use of our generator during the January ice storm. They will pay about 83% total, amounting to around \$ 4,000. Bill made a motion for Wayne to be the designated applicant's agent, seconded by David. Motion carried.

PSC informed Wayne that the District can raise their deposits up to \$ 87.00 without having justification.

Bill made a motion to raise the deposits to \$ 85.00, seconded by David. Motion carried.

The next meeting is scheduled for April 7, 2009. David made a motion to adjourn, seconded by Bill.

Meeting was adjourned.

Leslie Herbst, Chairman
William Thompson, Commissioner
David Pribble, Commissioner



EAST PENDLETON COUNTY WATER DISTRICT

June 9, 2009

The East Pendleton County Water District held its monthly meeting on June 9, 2009. Present were Leslie Herbst, Chairman; Bill Thompson, Commissioner; David Pribble, Commissioner; and Wayne Lonaker, Manager. Also present were Henry Bertram, Pendleton County Judge Executive; April Defalco, Falmouth Mayor; Rick Mineer, Falmouth Councilman; and Todd Ramsey, Falmouth Water and Wastewater Supervisor.

Les called the meeting to order. Bill read the minutes from the May 5, 2009 meeting. David made a motion to approve the minutes, seconded by Bill. The minutes were accepted as read.

The Board reviewed and discussed the financial and bank statements. Bill made a motion to approve the financial and bank statements, seconded by David. Motion carried.

The Board reviewed the monthly water customer adjustments. Bill made a motion to approve the adjustments, seconded by David. Motion carried.

Wayne informed the Board that the State is ditching the road on Jack's Branch Road and our waterline will have to be moved.

The Board and attendees from the City of Falmouth discussed the Oak Haven Sewer Plant. No action was taken at this time.

The Board reviewed the KACo renewal. David made a motion to approve the KACo renewal, seconded by Bill. Motion carried.

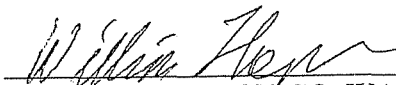
Wayne discussed with the Board the bill submitted to the Water District by Gene Gillespie. It was noted that this work was done before notifying the Water District about any problem. David made a motion for Wayne to negotiate with Mr. Gillespie, but not reimburse for more than \$ 200, seconded by Bill. Motion carried.

Wayne discussed with the Board the pump failing at the #3 Pump Station. He also stated that he had gotten a letter from KACo in which they will not pay for the pump at the #1 Pump Station.

The CD at UK Bank matures on June 24, 2009. David will check around on interest rates and get back with Wayne on this.

The next meeting is scheduled for July 7, 2009. David made a motion to adjourn, seconded by Bill.
Meeting was adjourned.

Leslie Herbst, Chairman
William Thompson, Commissioner
David Pribble, Commissioner



EAST PENDLETON CO. WATER DISTRICT

Mayor
April DeFalco
City Clerk
Terry England

CITY OF FALMOUTH
230 Main Street, Falmouth, Kentucky 41040
Phone: (859) 654-6937 Fax (859) 654-3603
falmouthch@fuse.net

Council Members
Darryl Ammerman
Kim Bastin-Myers
Gary Askin
Mark Hart
Rick Mineer
Mary Ann Pittman

September 16, 2009

To: Wayne Lonaker

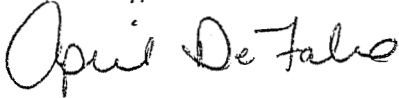
Manager East Pendleton County Water

Subject: Wastewater System at Oak Haven Sub-Division

As you are aware The City of Falmouth is in the process of securing funds to extend our Wastewater Collection System to include Oak Haven Sub Division. The City of Falmouth will accept full responsibility and ownership of said system. The project should be completed sometime in 2010. The acceptance of ownership and arrangements such as the billing data and compensation thereof are issues I would imagine will be drawn up by our or your attorney. This is just a letter of intent for your consideration. If East Pendleton Water is in agreement to this situation it would be good for the City to have some comment in writing before we borrow money to fund this project.

If you could please respond I would appreciate hearing from you with any comments or concerns or an assurance on East Pendleton Water being in agreement with this endeavor.

Sincerely,



April DeFalco

Mayor The City of Falmouth

c. Henry Watson City Attorney

Files

ATTACHMENT F

EAST PENDLETON WATER DISTRICT
 Depreciation Schedule
 December 31, 2008

NEW PSC LIVES

ASSETS ENTERED ASSUMING FULL YEAR DEPRECIATION IN YEAR 1

ACCT / DESCRIPTION	DATE IN SERVICE	NEW ASSET LIFE	COST	Accum. Deprec. 12/31/2007	Deprec. Expense 2008	Accum. Deprec. 12/312008	Deprec. Expense 2,009	Accum. Deprec. 12/312009
SEWER ASSETS								
Account 310								
Land and Land rights			1,168					
Account 373								
Treatment and Disposal Plant		20	15,728	10,775	786	11,561	786	12,348
12/31/2005		20	1,314	525	66	591	66	657
Blower unit 6/9/2008		20	2,400		120	120	120	240
			19,442	11,300	972	12,272	972	13,244
Account 375								
Outfall Sewer lines		50	10,512	6,829	210	7,039	210	7,249
			31,122	18,129	1,182	19,311	1,182	20,494
			6,176,669	2,197,109	166,485	2,327,582	176,375	2,539,969

ATTACHMENT G

Mayor
April DeFalco
City Clerk
Terry England

CITY OF FALMOUTH
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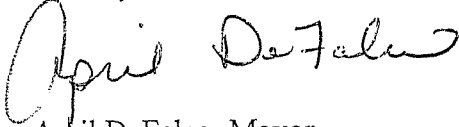
August 4, 2009

East Pendleton County Water
601 Woodson Road
Falmouth KY 41040

Wayne Lonaker,

After meeting with you and your board, the City of Falmouth has concluded that it would not be economically feasible to purchase the pump station. The uncertainty of the payback and the water rates with the PSC was the basis of our decision. We would like to thank you and your board for your time and if you and your board have any other options that would be more feasible we would be more than happy to meet with you.

Thank you,


April DeFalco, Mayor

ATTACHMENT H

August 4, 2009

The East Pendleton County Water District held its monthly meeting on August 4, 2009. Present were Leslie Herbst, Chairman; Bill Thompson, Commissioner; David Pribble, Commissioner; Wayne Lonaker, Manager; Jeff Reynolds of HMB Engineers; and Bill Mitchell of the Northern Ky. ADD District.

Les called the meeting to order. Bill Mitchell discussed funding for the new water project. There is approximately \$ 330,000 in money from CDBG for installing water lines. David made a motion to approve the design for Four Oaks and Jonestown Roads, seconded by Bill. Motion carried.

Bill read the minutes from the July 7, 2009 meeting. David made a motion to approve the minutes, seconded by Bill. The minutes were accepted as read.

The Board reviewed and discussed the financial and bank statements. Bill made a motion to approve the financial and bank statements, seconded by David. Motion carried.

The Board discussed the water customer adjustments. David made a motion to approve the water customer adjustments, seconded by Bill. Motion carried.

The Board discussed the county road resolution giving the Water District permission to use county right-of-way for laying potable water lines. The Board agreed to table this matter until the next meeting.

Wayne discussed an issue on Trankler Road. A resident, Mr. Turner, requested the services of the Water District to bore a hole under the road in order that he could run a water line to his barn. The District would charge him for labor and equipment. David made a motion that the District agrees to bore a hole under the road for the resident on Trankler Road, seconded by Bill. Motion carried.

Wayne reminded the Board of the Kentucky Rural Water Association conference to be held on August 24-26th.

Wayne discussed with the Board the billing computer needs replacing. He will be contacting tech support about a new computer.

The Board discussed keeping Ben Crotty on for two more weeks. David made a motion to keep Ben on for two more weeks at \$ 8.00 per hour, seconded by Bill. Motion carried.

Wayne discussed the Oak Haven Sewer System. The City of Falmouth couldn't pay us \$ 25,000. Negotiations on this are continuing.

The next meeting is scheduled for September 8, 2009. David made a motion to adjourn, seconded by Bill. Meeting was adjourned.

Leslie Herbst, Chairman
William Thompson, Commissioner
David Pribble, Commissioner



EAST PENDLETON COUNTY WATER DISTRICT