

NORTH MANCHESTER WATER ASSOCIATION
7362 N. HWY 421
MANCHESTER, KENTUCKY 40962
(606) 598-5403 OFFICE
(606) 599-9199 FAX

RECEIVED

MAR 14 2011

PUBLIC SERVICE
COMMISSION

March 4, 2011

**RE: WHOLESALE WATER RATE FILING BY CITY OF MANCHESTER
TO NORTH MANCHESTER WATER ASSOCIATION**

Dear Mr. Jeff Deuron, P.S.C. Tariff Branch:

We received notice from the City of Manchester filing a Request for a Rate Change from \$1.50/per thousand gallons to \$2.50/per thousand gallons. We are objecting to this Rate Change based on Water Purchase Contract between City of Manchester and North Manchester Water Association. (copy enclosed).

North Manchester Water Association **Request to Intervene** this Rate Change. If Rate change approval by P.S.C., North Manchester Water Association request Emergency Rate increase to off set the \$1.00/per thousand gallon increase.

Thank you for your attention to this matter.

Sincerely,



Jimmy L. Mathis
Vice President
North Manchester Water Association

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PUBLIC SERVICE
COMMISSION

CITY OF MANCHESTER



123 Town Square
Manchester, KY 40962
(606) 598-3456
FAX: (606) 599-1763
Welovemanchester.com

February 23rd 2011

George Saylor
Mayor

February 23, 2011

CITY COUNCILMEN

- Mark Deaton
- Harvey Hensley
- John Ed Pennington
- Betty Meredith
- Penny Robinson
- Fred Rogers
- Dorothy Sizemore
- Terry Wilson

North Manchester Water Association
c/o Jim Mathis
7362 N. Hwy 421
Manchester, KY 40962

Dear Mr. Mathis:

The City of Manchester just recently completed construction of a new 3.2 million gallon per day state of the art water treatment plant. The total project cost exceeded \$8,000,000 of which \$2,349,078 was loan. Due to the cost of the debt service of the new water treatment plant and the rising cost to meeting more stringent regulations the City is forced to implement a rate increase. The current rate being charged to North Manchester Water Association is \$1.50 per 1,000 gallons. The new rate will be \$2.50 per 1,000 gallons. Please be advised that the new rate will be effective 30 days from the date of this letter.

Sincerely,
CITY OF MANCHESTER

Wes Hacker
City Superintendent

*Called
Wes Hacker*

2-28-11

Public Service Commission

MODIFICATION OF WATER PURCHASE CONTRACT

WHEREAS the City of Manchester, Kentucky as "Seller" and North Manchester Water Association as "Purchaser", entered into a water purchase contract on August 15, 1994, and

WHEREAS the North Manchester Water Association is seeking funding for a new water tank and it has become important to extend the water purchase contract and to modify same for a longer period of time and for additional quantity, now,

WITNESSETH that for and in the consideration of the mutual benefits to the parties hereto and pursuant to that resolution no. 01/07/03 enacted on the 7 day of January, 2003, by the Seller and by resolution of the Board of Directors of the Purchaser, enacted on the 7 day of January, 2003, it is hereby agreed that the water purchase contract is amended as follows:

A. The Seller Agrees:

2. To furnish the Purchaser potable treated water in quantities listed herein provided the Seller can produce said quantities:

- a. Maximum quantity of 20,000,000 gallons per month.
- b. Minimum quantity of 7,000,000 gallons per month.

Purchase price of being at \$1.50 per Thousand Gallon.

C. Seller and the Purchaser Mutually Agrees:

1. The Contract shall extend for a term of 40 years from the date of the execution of this modification agreement by both parties and by renewed for an extended period of 40 years upon terms which may be agreed upon by the Seller and Purchaser.

The balance of the contract is left unaltered and is incorporated herein as if set forth at length herein.

Seller: City of Manchester, Kentucky

By: *Daugh K. White*
Daugh K. White
Title: Mayor

Attest:
Wanda Marcum
City Clerk

Purchaser: North Manchester Water Association

By: *James Westerfield*
James Westerfield
Title: President

Attest:
Robert Whitist
Secretary