

# Hardin County Water District No. 1

*Serving Radcliff and Hardin County for Over 50 Years*

1400 Rogersville Road  
Radcliff, KY. 40160

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April 17, 2012

Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

RECEIVED

APR 23 2012

PUBLIC SERVICE  
COMMISSION

**SUBJECT: Purchased Water Adjustment - Revised Application**

Dear Mr. Derouen;

Enclosed, please find our application for a purchased water rate adjustment ("PWA"). The adjustment is necessary to recover increased costs in the purchase of water from the U.S. Treasury, Garrison Resource Management at Fort Knox, Kentucky. This is our primary source of supplemental water. In 2011, 4.3% of our total water supply was purchased in order to meet demand. Our last general water rate adjustment was approved in 2007 (Case 2006-00410), based on 2006 adjusted test year expenses.

The District initially submitted a PWA application on November 22, 2011. The Commission found filing deficiencies in Case No 2011-00461 and notified the District on December 6, 2011. On April 5, 2012, HCWD1 staff and its attorney, Mr. David Wilson, participated in an informal conference call with Commission staff Mr. Jerry Wuetcher (Executive Advisor/Attorney) and Mr. Eddie Beavers to discuss the deficiencies claimed by the Commission, and options and methods to address these in a revised application, should the District decide to correct the deficiencies. One of the issues was whether the required electric expense, charged by the Government to pump the purchased water into the District's system, should be allowed in the PWA base amount.

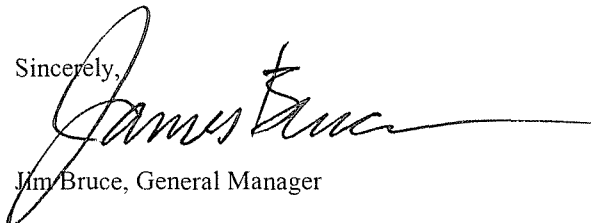
After this conference, Commission staff indicated that there may be reason for the District to correct and change its PWA calculation, and leave the Government electric costs in the formula, and allow the District to re-submit a revised PWA application for the Commission to reconsider. It was also discussed that the Government does not, and has not, formally notified the District of annual changes to its purchased water rate. It was suggested that in a revised PWA application, the evidence of a changed rate, shown in invoices from the Government, be included as the only evidence of a rate change. After this discussion, it was agreed that the District would withdraw its initial filing which was done so on April 13, 2012 and re-file a revised PWA application.

The revised application base rate is \$1.71 per thousand gallons, (See Attached). The District is requesting a PWA adjustment for a revised purchased water rate of \$1.82 per thousand gallons (+ 6.4%). Attached are the November and December 2011 purchased water invoices, including electric costs, from the U.S. Treasury. Supporting documentation for the calculations is also attached as Exhibit C-1 through C-3. The resulting Purchased Water Adjustment Factor is \$0.01 / kgal, or about \$5,000 annually.

We will publish the enclosed public notice of the requested rate revisions in the local newspaper. In accordance with PSC rules and regulations, the notice will be published before the new bills are issued and will be published one time. A copy of the newspaper notice and an affidavit verifying publication will be forwarded to the Commission upon publication.

HCWD1 has previously filed income statements and balance sheets for the year ending December 31, 2011 which are on file with the Commission.

Sincerely,



Jim Bruce, General Manager

Cf; Mr. Scott Schmuck, HCWD1 Finance & Accounting Manager  
Mr. David Wilson II, Attorney, HCWD1

Enclosures

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Phone 1-270-351-3222

FAX: 1-270-352-3055

[www.HCWD.com](http://www.HCWD.com)

**PURCHASED WATER ADJUSTMENT FOR  
WATER DISTRICTS AND ASSOCIATIONS  
(807 KAR 5:068)**

<b>Name of Utility</b>	Hardin County Water District No. 1	
<b>Date</b>		
<b>Address</b>	1400 Rogersville Road	
<b>City, State, Zip</b>	Radcliff, Ky	40160
<b>Telephone Number</b>	270-351-3222	

1.a. Name of all wholesale suppliers and the base (current) rate and changed rate of each. In the event the water purchased is billed by the supplier on a rate that is not a flat rate schedule, the entire rate schedule must be shown. Attach additional sheets if necessary.

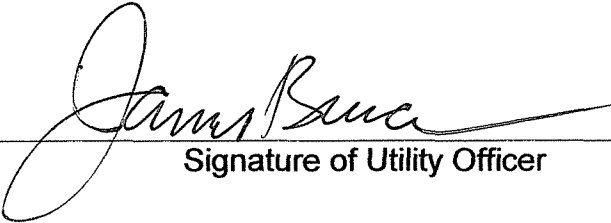
<b>Supplier(s)</b>	<b>Base Rate</b>	<b>Changed Rate</b>
U.S. Treasury Garrison Resource Management	\$1.71	\$1.82

1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit A-1 through A-2 and B-1 through B-2.

2. Twelve-month period upon which the purchased water adjustment is based. (This twelve-month period must end within 90 days of this filing).

<b>From</b>	January 2011	<b>through</b>	December 2011
	(month and year)		(month and year)

3. Statement of water purchases. Where water is purchased from more than one supplier, purchases from each supplier must be shown separately. If water is purchased through a declining block rate schedule, purchases for each month must be shown. Attach an additional sheet if necessary.

Supplier(s)	Gallons Purchased during 12 month period
U.S. Treasury	46,530,000
<b>TOTAL PURCHASES</b>	46,530,000
4. Total gallons sold for the 12 month period	892,001,000
5. Increased water cost	\$4,941
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.	
6. Purchased water adjustment factor	\$0.01
The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.	
<p><b>Note:</b> The purchased water adjustment factor is added to each thousand gallons sold. If the minimum usage is 2,000 gallons then the purchased water adjustment factor would be added to the minimum bill twice. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.</p>	
7. Proposed effective date	June 1, 2012
	
Signature of Utility Officer	
General Manager	
Title	

(Canceling Sixth Revision, Sheet No. 4; Sixteenth Revision, Sheet No. 5; Second Revision, Sheet No. 6; First Revision, Sheet No. 8; First Revision, Sheet No. 5A and First Printing, Sheet No. 9; Third Revision, Sheets 10 and 11)

Hardin County Water District No. 1

CLASSIFICATION OF SERVICE:  
RATES, SURCHARGES AND MONTHLY CHARGES

(1)

2. **Rates and Charges;**

- a. **Customer Meter Charge:** Each customer shall pay this charge monthly for each month in which part of the month the account was active. This charge applies to all customer classes including Wholesale accounts. The full charge shall apply regardless of how many days in that month the account was active. The charge is required to recover all costs associated with providing a customer meter and service connection, testing the meter periodically, obtaining a meter reading monthly, preparing a bill and presenting to the customer and collecting payment of the current bill amount. The charge recovers all costs of service including overhead amounts such as payroll taxes, personnel benefits, capital equipment, depreciation on capital equipment and debt service to finance equipment. The charge varies by the meter size and the charges per month are;

Meter Size	Monthly Charge
5/8 Inch	\$5.02
3/4 Inch	\$7.53
1.0 Inch	\$12.55
1.5 Inch	\$25.10
2.0 Inch	\$40.16
3.0 Inch	\$75.30
4.0 Inch	\$125.50
6.0 Inch	\$251.00

- i. **Customer Requested Change in Meter Size:** A customer may request a smaller or larger size meter. The customer will be required to pay any additional charges for Meter Connect Fees as shown on Sheet No. 7 in this tariff. The customer requesting a smaller size meter must accept the reduced flow volume at the service address and the District will not be responsible to know or calculate the impact to the customers plumbing demands or fixture flow rates.
- b. **Private Fire Line or Hydrant:** Customers who require a dedicated fire protection main or fire hydrant for their address for fire protection purposes must pay a monthly charge for this service. This charge recovers the cost to the District to pay for larger facilities than would normally be needed for potable, domestic water use and ensure that higher flow rates are available for those customers that demand stand-by fire protection. The charge also recovers

DATE OF ISSUE April 17, 2012DATE EFFECTIVE June 1, 2012

ISSUED BY:  Mr. Jim Bruce, General Manager  
Hardin County Water District No. 1, Radcliff, Kentucky

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

(Canceling Sixth Revision, Sheet No. 4; Sixteenth Revision, Sheet No. 5; Second Revision, Sheet No. 6; First Revision, Sheet No. 8; First Revision, Sheet No. 5A and First Printing, Sheet No. 9; Third Revision, Sheets 10 and 11)

Hardin County Water District No. 1

CLASSIFICATION OF SERVICE:  
RATES, SURCHARGES AND MONTHLY CHARGES

the cost for the District to maintain, test and replace any meters, valves, vaults, hydrants, back-flow prevention devices or other appurtenances which are required by District or state or national plumbing codes to provide a private fire service line or hydrant. The following rules and conditions apply;

- i. The line or hydrant must be installed in a location that only provides fire protection to a private structure or building and is not available to the general public or to the local fire department for general public use
- ii. The District may require certain valves, meters or other devices to be installed in new construction and said facilities shall be paid in entirety by the building owner. Said facilities outside of the building shall become the property of the District for maintenance, repairs, testing and replacement.
- iii. The monthly charge shall apply to each private line or hydrant and shall be charged in full for each month an account is active at that service address, regardless of how many days of the month that the service is activated. The monthly charge shall be;

Hydrant or Line Size	Monthly Charge
1.5 Inch	\$0.64
2.0 Inch	\$1.37
3.0 Inch	\$4.00
4.0 Inch	\$8.51
6.0 Inch	\$24.70
8.0 Inch	\$52.67

- c. **Volume Charge:** Except for Wholesale customers, a volume charge shall apply for all water used during a billing period. The rate shall be based on each 1,000 gallons used and shall be rounded for amounts smaller than 1,000 gallons depending on the capabilities of the District's billing software. The volume rate shall be a declining block rate and shall be split into two rates depending on the volume that applies. The rates are as follows;

- |     |  |     |
|-----|--|-----|
|     |  | (l) |
| i.  | <b>First 15,000 gallons = \$4.43 per 1,000 gallons</b>     |     |
| ii. | <b>All above 15,000 gallons = \$3.17 per 1,000 gallons</b> | (l) |

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- d. **Wholesale Rate:** The wholesale rate shall apply to all water used and shall be based on each 1,000 gallons used and shall be rounded for amounts smaller than 1,000 gallons depending on the capabilities of the District's billing software. The rate are as follows;
- i. **All water used** = **\$1.93 per 1,000 gallons**
- ii. All other terms and conditions for a Wholesale Customer are included in the Wholesale Users Agreement which a sample of is included in this tariff. Each wholesale customer must sign the agreement which shall also include the rate and volume of water that will be provided and what are the responsibilities of both the customer and the District.
- e. **Late Penalties:** All customers who do not pay the amount due by the due date will be assessed an additional ten (10) percent as a late charge to the previous outstanding balance. Said late charge shall apply to all charges, fees or prior penalties included in the outstanding balance on the due date. In order to avoid a late penalties being added, the payment must be received at the District office on the due date shown on the customer bill. If the due date falls on a holiday when District offices are closed, the payment must be received on the first business day prior to the due date. The District cannot be responsible for slow mail delivery, lost mail or other causes beyond the District's control which may make the payment arrive after the due date.
3. **Estimated Bills:** If a meter reading cannot be obtained because the meter is not working, or access to the meter has been denied due to weather or customers causes, the District may determine the customers water use and prepare a bill using an estimated use. The method of estimating will normally use a three (3) month average, however the District reserves the right to use other methods or calculations. If a bill is estimated, it will be noted on the bill.

DATE OF ISSUE April 17, 2012DATE EFFECTIVE June 1, 2012

ISSUED BY: , Mr. Jim Bruce, General Manager  
Hardin County Water District No. 1, Radcliff, Kentucky

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

**Hardin County Water District No. 1  
Minutes of Regular Meeting  
of the Board of Commissioners**

**August 16, 2011**

Chairman Rissel called the meeting to order at 5:34 p.m. with Commissioners Ron Hockman, John Tindall, Steve Walton and William Gossett in attendance. Staff present included Jim Bruce, General Manager; Brett Pyles, Operations Manager; Scott Schmuck, Finance & Accounting Manager; Preston Pendley, Engineering Manager; Andrea Palmer, Executive Assistant; and attorney David Wilson. There were no guests present. Dinner was provided for the Board and staff.

Chairman Rissel opened the floor for public comment. There were no public comments offered and the floor was closed to public comment.

Chairman Rissel asked for a motion to accept the July 19, 2011 Regular Meeting Minutes. Treasurer Gossett made a motion to accept the minutes. The motion was seconded by Commissioner Walton and passed.

Chairman Rissel asked if there were any questions about the Treasurer's report. There were none, and Commissioner Walton made a motion to accept the June 2011 Treasurer's Report. The motion was seconded by Treasurer Gossett and motion passed.

**Board Monitoring Reports:** Mr. Bruce informed the Board that he took Mr. Tindall on a tour of the District's rural service area on August 2<sup>nd</sup>. Mr. Tindall stated that he was impressed with the breadth and scope of the District's rural service area and he complimented the staff on a job well done. He also expressed concern for under utilization of some of the more rural water mains which may cause water quality problems. Chairman Rissel asked if he would be in support of a mandate requiring those rural customers to utilize the lines, and Mr. Tindall confirmed that he would as long as there was an affordable method of payment available to those that need assistance. Mr. Bruce offered a tour to any other Board members that were interested as well.

There was some discussion about different possible county sewer regulations, and what type of mandatory sewer connections, if any, Board members might support. Chairman Rissel noted this may be a topic for discussion at the upcoming August 22 joint Water District luncheon. Treasurer Gossett said he could support the mandated connection in densely populated areas where serious health risks and concerns were an issue. Commissioner Walton and Secretary Tindall agreed. Commissioner Hockman expressed opposition to any mandate, and Commissioner Walton explained that while he was not completely opposed, it would be more beneficial if the District(s) obtained grants to help those that need financial assistance, who might be required to connect.

Mr. Bruce told the Board that he had been asked to participate with HCWD2, the Hardin County Planning & Development Commission, the Lincoln Trail Health District and the Hardin County Judge Executive's Office to begin drafting the sewer mandate for Hardin County, which might become part of future planning and development regulations. Chairman Rissel advised Mr. Bruce that he should be careful and keep in mind that the HCWD1 Board had not taken any formal position on those potential regulations or mandatory connection. Commissioner Hockman asked if the regulations or mandates would affect current customers' sewer rates. Mr. Bruce advised that it would not, and the committee working on the regulations would not be discussing rates or charges.

Hardin County Water District No. 1 - Board of Commissioners  
Minutes of Regular Meeting  
August 16, 2011

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Chairman Rissel also polled the Board on other topics that may be beneficial to discuss at the upcoming joint luncheon. The Board agreed that the issues that HCWD1 faces on a daily basis are quite different than those HCWD2 deals with, so discussions of merging the water districts may not be beneficial or realistic at this time.

Chairman Rissel asked if there were any questions about the Operation Manager's Report. Commissioner Hockman asked for a clarification of the recent Notice of Violation (NOV) that the District received from the Kentucky Department of Water (DOW). Mr. Pyles answered that the underground fuel tank had not been emptied since the installation of the generator and when the inspector arrived for the routine inspection, the tank was holding fuel. Mr. Bruce added that when the District took over the system from the City, the City had started a project to repair a leaking fuel line from the tank to the generator. He pointed out that when the generator was replaced in 2010, which included a built-in, above ground tank, the District neglected to then empty the tank and notify the State to have the buried tank abandoned and removed from their inspection list.

After the Engineering Manager's report, Mr. Pendley provided a slide presentation and schematic as a basin-to-basin presentation showing where sewage is pumped to and from, and which areas require pumping multiple times. He stated that this schematic shows the lack of gravity lines in Radcliff direct to the Wastewater Treatment Plant. He presented to the Board a sub-basins map and pointed out that the lift stations were shown in red.

He also provided exhibits showing comparisons of Radcliff to other similar sized systems, comparing population, area, flows and number of lift stations. He went on to present recent capital projects and future capital projects, the status of three different grants and what has been spent out of those monies, and the data collection difference between a wet day and dry day. Mr. Bruce and Mr. Pendley answered several questions regarding I/I (Inflow & Infiltration) and what affects those amounts, and how wet days have an impact on electric costs.

There was some board discussion about I/I contributed from private property, such as sump pumps and roof connections. Mr. Pendley stated that the District will work on the public sector first and that a smoke test would help identify trouble areas. Chairman Rissel thanked Mr. Pendley for his presentation and Commissioner Hockman stated that he would like to see a status report on grants received, amount spent and remaining. Mr. Bruce said that can and will be provided in future meetings.

**Consent Agenda Items:** Chairman Rissel asked if there were any questions on the Consent Agenda. Treasurer Gossett made a motion to approve Consent Agenda item No. 5 (Authorize staff to continue use of ad-hoc task orders at average of \$7,000/month, until August 2010 and expand use for other professional service providers related to field data collection, design, and quality control). Commissioner Walton seconded the motion and motion passed.



Hardin County Water District No. 1 - Board of Commissioners  
Minutes of Regular Meeting  
August 16, 2011

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**Purchased Water Adjustment:** Mr Bruce explained to the Board that when a water utility purchases water and the seller raises their price, the water utility is allowed to pass on the increased purchased water costs to its own customers. Using this adjustment, District could adjust its rates about 0.8% in order to recover about \$34,000/year, which would be the amount in increased purchased water costs since its last rate case. Secretary Tindall asked how long it might be before the District would file a general rate adjustment with the PSC. Mr. Bruce answered that on the last two cases, 2001 and 2006, the PSC took about 18 months to approve, and the rate study work took another 12 months before the case could be filed. Secretary Tindall expressed that the District not wait too long before filing for a rate adjustment. Treasurer Gossett made a motion to authorize staff and legal counsel to file a Purchased Water Agreement with the PSC at the earliest convenience in order to recover approximately \$34,000 annually in increased purchased water costs since 2006. Commissioner Walton seconded the motion and motion passed.

**Update – Airview Estates Subdivision:** Mr Bruce presented to the Board the possibility of acquiring the sewer system at Airview Estates Subdivision. He explained the recent problems the current owners of the system were having collecting payments, and with meeting regulations. Mr. Bruce said that HCWD1 could re-direct flows from the Airview package treatment plant to either the Watkins Lift Station or the John Hardin lift station. Chairman Rissel asked if the current owners would pay the District to take the system, and Mr. Bruce stated that those type of financial and technical questions would all be answered or addressed during a study. Chairman Rissel suggested that the District take into account I/I and capacity of flow in the study since this may require a system change. Commissioner Walton asked if the District has any idea of the condition of the current lines, and Mr. Bruce answered again, that would be discovered during the study. Chairman Rissel expressed concern for the current owner's method of depreciation and asset records of the sewer system. He suggested that a future study and agreement require the owner's to disclose their full financial records for examination during the study.

Commissioner Walton asked what would happen if the City of Elizabethtown incorporated the subdivision. Mr. Bruce stated that the District is going to have a meeting with Elizabethtown to see if that could happen, and if the City itself were interested in taking over that system. Mr. Bruce and Mr. Pendley explained that the City had added the subdivision to its sewer facilities area, so the City may need to approve HCWD1 taking over this area first. Chairman Rissel said he did not oppose the study, but felt the Mr. Bruce needed to talk to the City first to find these answers before the Board made a decision. It was the consensus of the Board to wait to make any decision until after finding out the answers about the City's position.

Chairman Rissel reported back to the board on the meeting that took place between himself and Mr. Bruce and the City of Radcliff regarding the increase in the City Storm Water Billing Fee. He said that he and Mr. Bruce said that the Board wanted to know the best timing of changing the fee, before making any decision or notifying the City. The Mayor said he would talk with the City Council and let the District know. He stated that the City appreciated the meeting rather than a notice of a fee increase without warning.

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**Executive Session Motion:** Mr. Bruce said that there was a land issue to discuss in executive session and that he needed Mr. Pendley and Mr. Pyles should stay, as they had information to contribute. At 7:20 PM, Commissioner Hockman made a motion to enter into Executive Session to discuss a land or litigation item. At 7:35 PM, Chairman Rissel reconvened open session and Ms. Palmer and Mr. Schmuck were invited to rejoin the meeting.

**Executive Session Action Item No. 1:** Commissioner Walton then made a motion to offer up to \$1,500 to purchase an easement to a Mr. Dennis and others, in order to relocate a water main for a Department of Highways project along 1500, with the understanding that the easement cost would be reimbursed by the State. The motion was seconded by Secretary Tindall and passed.

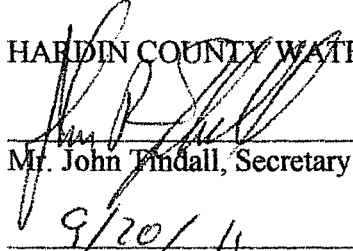
**Adjourn:** Being no further business before the Board, Treasurer Gossett made a motion to adjourn at 7:40 PM. Motion was seconded by Commissioner Hockman and motion passed.

(Minutes submitted by Andrea Palmer, Executive Assistant)

**APPROVAL OF MINUTES**

I hereby certify that the foregoing minutes were duly approved by the Board of Commissioners of the Hardin County Water District No. 1 at a meeting held on the date shown below:

HARDIN COUNTY WATER DISTRICT No. 1

  
\_\_\_\_\_  
Mr. John Tindall, Secretary

9/20/11  
\_\_\_\_\_  
Date/Approved

**Hardin County Water District No. 1**  
**Minutes of Regular Meeting**  
**of the Board of Commissioners**

**September 20, 2011**

Chairman Rissel called the meeting to order at 5:32 p.m. with Commissioners Ron Hockman, John Tindall, and William Gossett in attendance. Staff present included Jim Bruce, General Manager; Brett Pyles, Operations Manager; Scott Schmuck, Finance & Accounting Manager; Preston Pendley, Engineering Manager; Andrea Palmer, Executive Assistant; and attorney David Wilson. There were no guests present. Dinner was provided for the Board and staff.

Chairman Rissel opened the floor for public comment. There were no public comments offered and the floor was closed to public comment.

Chairman Rissel asked for a motion to accept the August 16, 2011 Regular Meeting Minutes. Treasurer Gossett made a motion to accept the minutes. The motion was seconded by Commissioner Hockman and passed.

Chairman Rissel asked if there were any questions about the Treasurer's report. Mr Schmuck gave a brief summary of the handout provided to the Board regarding available grant funds, in response to a request from last meeting. There was some discussion regarding grants generated by Ft. Knox and Mr. Bruce explained that the District and the Government both identify necessary projects on Ft. Knox on a regular basis and periodically the Government secures additional funding for some of those projects. Commissioner Hockman questioned if the initial grant money for Radcliff Sewer had been spent. Mr. Bruce answered that the grants issued to City of Radcliff had all been spent on projects the City already had designed and underway, and that one other BRAC grant had been fully expended, but there were two other BRAC grants for Radcliff sewer that were still available for projects.

Chairman Rissel asked if there was any specific cause for the Radcliff Sewer Fund loss this month. Mr. Schmuck answered that the amount being accrued monthly for the electric overages was found to be too low, so had to make an entry during the month to catch up to a new projected amount for the year. He said this was a one month adjustment that would not occur again during 2011.

In reference to grants, Secretary Tindall congratulated the staff on a job well done in obtaining grants in the past. He expressed interest in aggressively pursuing grants in the future. He suggested the staff continue discussions with State and Federal elected officials about the accomplishments the District had achieved, including building a new water treatment plant and also inform them of future funding needs. There was some discussion about visiting legislative officials and bringing them into the office or offering a tour. Commissioner Hockman noted that Judge Berry put the District's financial needs in his reports for the federal and state funding. Mr. Bruce said that he had written letters after last election offering tours and meetings, but had no responses. He did say that Senator Parrot had been attended a meeting at the District offices a few months ago, and was also offered a tour at that time. Mr. Bruce noted that Judge Berry was very successful in lobbying for three separate grants for the Pirtle WTP Re-construction project.

Chairman Rissel asked if there were any further questions regarding the Treasurer's report. Commissioner Hockman asked for clarification on the loss due to meter disposal. Mr. Bruce

Hardin County Water District No. 1 - Board of Commissioners  
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explained that this is required when new AMR meters are installed and replace an older meter, if the older meter had not been fully depreciated, the residual value must be written off. Commissioner Hockman asked if this was also the case with the disposed line and Mr. Schmuck replied that the line was replaced and the old line was not fully depreciated.

Secretary Tindall made a motion to accept the June 2011 Treasurer's Report. The motion was seconded by Treasurer Gossett and motion passed.

**Board Monitoring Reports:** Commissioner Hockman asked for an update on the Ft. Knox Privatization Bid. Mr. Bruce stated that the District has yet to receive a final contract, but that during a recent conference call with the Government, they said that if an award was made, it would be completed by the end of September. Chairman Rissel asked Mr. Bruce if he had the authority to sign a contract on behalf of the Board, if one were presented near the end of the month which required immediate action. Mr. Bruce answered that he did not find any Board action to make that authorization, and also noted that with the Sewer Privatization Contract sent in 2004, that the Government had only given the District about a day to sign and execute the contract. Mr. Rissel pointed out that without that authorization, the Board would be required to have an emergency meeting regarding the contract, if one were presented before the end of the month.

Secretary Tindall asked if it would be inappropriate to inquire about the status of the bid award or the schedule. Mr. Bruce answered that the District had made a recent inquiry, and the response seemed positive, and seemed to indicate that a final contract award was close. Secretary Tindall also stated that if a contract were to be presented in the next week, then he felt that the Board could make the authorization at this meeting. Mr. Wilson also said that as this were a regular meeting, the Board could take action on any subject. Secretary Tindall then made a motion to give the General Manager the authority to sign a contract for the Ft. Knox Water System Privatization Bid after review by the District's attorney and the Chairman of the Board, should he be available. The motion was seconded by Treasurer Gossett and motion passed.

Chairman Rissel asked if there were any questions about the Operation Manager's Report. There were none. He asked for the status of the Mobile Home Parks – was it better or worse this month – and Mr. Schmuck answered that it is better. Mr. Bruce noted that one park owner asked for tips on finding leaks and then found his own leak after meeting with staff.

Secretary Tindall asked about water loss in comparison to the past. Mr. Pyles answered that District staff found a rather large leak off of Hardinsburg Road. He stated that with the repair complete, the District should show a reduction in water loss going forward. Mr. Pyles also complimented the Distribution staff for their persistence and efforts in finding two large leaks recently on rural roads.

Chairman Rissel asked if Staff is concerned that the Veolia lateral lining project is only at 57% at this point in the year. Mr. Pyles responded that the District requested an action plan from Veolia and received it. Secretary Tindall showed concern for a fixed fee on this service provided. He asked if they have met their goal in the past years which Mr. Pyles answered that they had.

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Commissioner Hockman asked for an update on the damaged black top at Meineke. Mr. Pyles noted that the insurance company had not provided any new information and provided a short explanation of what had happened, and that he had turned over all information about the claim to our insurance carrier.

Chairman Rissel asked if there were any question on the Engineering Manager's Report. Mr. Pendley informed the Board that he did receive the final executed grant agreement documents for item number two on his report, the BRAC grant.

**Consent Agenda Items:** Chairman Rissel asked if there were any questions on the consent agenda item (Bid Award – Fort Knox Wastewater Treatment Plant Painting Project to RP Coatings, Inc. for a contract amount of \$152,200) Secretary Tindall made a motion to approve this item. Treasurer Gossett seconded the motion and motion passed.

**Bid Award – Highway 1500 Water and Sewer Relocation Project:** Mr. Pendley distributed a bid summary exhibit at this time. Nine bids were received on the Highway 1500 Water and Sewer Relocation Project ranged from \$290,083 to \$574,235. He noted that this project is fully funded by the Department of Highways due to a highway relocation project. Treasurer Gossett made a motion to authorize the award of contract for the Highway 1500 Water and Sewer Relocation Project to Horsley Construction for a contract amount of \$291,000, which project will be funded by the Department of Highways. Motion was seconded by Secretary Tindall and motion passed.

**Bid Award – Lincoln Trail Sanitary Sewer Project:** Mr. Pendley also distributed a bid summary of seven bids received on the Lincoln Trail Sanitary Sewer Project, which bids ranged from \$162,853 to \$517,500. He noted that this project is funded by a BRAC grant for sanitary system improvements. Secretary Tindall asked where Horsley Construction is located, and Treasurer Gossett said Breckinridge County. Treasurer Gossett noted that Horsley does nice work and is willing to work in the cold weather when others aren't. Treasurer Gossett made a motion to authorize the award of contract for the Lincoln Trail Sanitary Sewer Project to Horsley Construction for a contract amount of \$163,000, which project will be funded by BRAC. Motion was seconded by Secretary Tindall and motion passed.

**Purchased Water Adjustment - Update:** Chairman Rissel explained that the dollar amount for the Purchased Water Agreement had changed and therefore the Staff asked if the motion from the previous meeting should be changed as well. Mr. Bruce noted that the original amount of \$34,000 needed to be changed to \$64,000 because of the formula required by the PSC, which staff discovered when filling out the forms for the submittal. Chairman Rissel asked that the minutes reflect that this correction had been brought to the Board's attention.

**Follow-Up Airview Estates Subdivision:** Treasurer Gossett asked Mr. Bruce why the District would be interested in acquiring the Airview Estates' Sewer system. Mr. Bruce answered that by taking over the Airview Estates Sewer service, the District might solve a long standing

Hardin County Water District No. 1 - Board of Commissioners  
Minutes of Regular Meeting  
September 20, 2011

Continued

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environmental problem. Also, one of the main benefits of the District owning the Radcliff system was that the District could expand the customer base outside the City limits, helping to lower fixed costs per customer. The Airview system could add up to 210 customers to the current customer base.

Also, as follow-up to Board request at last meeting, Mr. Bruce said that he had talked with the City of Elizabethtown and was told that they would approve of the District taking over Airview Estates with the acknowledgment that it is in their sewer service area ("201 Facilities Plan) and that a letter agreement could be signed by both parties, which would also need to address process of customers from District to City, should the subdivision ever be annexed into the City. Chairman Rissel asked why the City of Elizabethtown would not take over the system. Mr. Bruce answered that the City for years required annexation first. However, the current administration might consider it, but only if the City would not have to spend any of its funds. Mr. Bruce suggests that the District conduct a study to get the flows to the Radcliff Wastewater Treatment Plant, with the study identifying all costs, pros and cons and financial impact to the District. There was some discussion about the rates and the logistics of billing, with Mr. Bruce answering that District 2 already reads the meters, and would provide those readings to the District for sewer billing.

Secretary Tindall asked if a new lift station install would be required, and Mr. Bruce answered that a lift station would be installed in order to pump the waste across Dixie Hwy to either the Watkins or John Hardin lift station, and that all those options and costs would be developed during the study.

Secretary Tindall asked if the District would recapture all costs if Elizabethtown annexed and took over the system. Mr. Bruce answered that the City did seem to agree that all investment made, after annexation into the City, would be reimbursed by the City. Secretary Tindall stated that if the acquisition added new revenues to the Radcliff Sewer fund he is in full support. Commissioner Hockman agreed, saying he could not support it if it raised sewer rates for Radcliff customers.

Secretary Tindall made a motion to proceed with the study based on the criteria Mr. Bruce outlined with a maximum expense for the study of \$3,000. The motion was seconded by Treasurer Gossett, and motion passed.

**Laboratory Services Fees:** Chairman Rissel asked if the District provides laboratory services to outside customers who would be liable for the results. Mr. Bruce answered that the District would require the outside customer to sign a liability waiver releasing the District. Mr. Wilson added that this would work as long as the District's general liability insurance extended to the laboratory services. There was some discussion about the fee schedule. Secretary Tindall made the motion to authorize Staff to make available Bacteriological Laboratory Testing Services to other water systems, and require each to sign a liability waiver, and for Staff to update fees in future as costs change and to periodically report back to the Board the amount of revenues received for these services. Treasurer Gossett seconded the motion and the motion passed.

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September 20, 2011

Continued

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**Executive Action Items:** At 6:45 PM Chairman Rissel made a motion to enter into Executive Session for land and litigation, and Mr. Bruce added that Mr. Pyles should stay, as he had information to contribute. Mr. Pendley, Ms. Palmer, and Mr. Schmuck exited the room at this time. Chairman Rissel reconvened open session at 7:10 PM and other staff members were asked to rejoin the meeting.

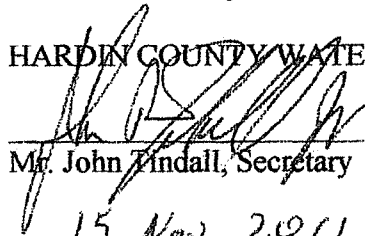
**Adjourn:** Being no further business before the Board, Commissioner Hockman made a motion to adjourn at 7:10 PM. Motion was seconded by Secretary Tindall and motion passed.

(Minutes submitted by Andrea Palmer, Executive Assistant)

**APPROVAL OF MINUTES**

I hereby certify that the foregoing minutes were duly approved by the Board of Commissioners of the Hardin County Water District No. 1 at a meeting held on the date shown below:

HARDIN COUNTY WATER DISTRICT No. 1

  
\_\_\_\_\_  
Mr. John Tindall, Secretary

15 Nov 2011  
\_\_\_\_\_  
Date Approved

CO 9373  
V110000290

HARDIN CO WATER DIST #1  
1400 ROGERSVILLE RD  
FORT KNOX KY 40121

1 75

Group # 256	
Master Account # 0000080000	Page 1 of 1
Billing Date 12/02/2011	Total Consumption 814
Cycle 05	Rate 1.67200
MR	Service Type WATER
Amount Due	USE
1361.00	



12/26/11 10.19.6100000 # 39.88  
GAS 12/9/11 1.06.61000

Cycle 05

Page 1 of 1

Account #	Meter #	Rate	Bill Type	Previous Reading	Present Reading	Demand	Mtr Mult	Consumption Used	Charges	Total Amount
Service Address				Service From	Service To					
0000080000	1000019	55	R	722482	722944	0.000	1.0000	462	772.46	
WILSON AVENUE BOOSTER-W				10/31/2011	11/30/2011					
									CURRENT MONTH CHARGES	772.46
									AMOUNT DUE	772.46
0000080200	1545329	55	R	5945	5960	0.000	1.0000	15	25.08	
CARPENTER TEST RD-W				10/31/2011	11/30/2011					
									CURRENT MONTH CHARGES	25.08
									AMOUNT DUE	25.08
0000701700	1000441	55	R	152632	152969	0.000	1.0000	337	563.46	
PRICHARD PUMP STA-W				10/31/2011	11/30/2011					
									CURRENT MONTH CHARGES	563.46
									AMOUNT DUE	563.46

1321.12 Entered 12/1  
39.88 Balance

1361.00

A-1



CD 7/3/11

HARDIN CO WATER DIST #1  
 1400 ROGERSVILLE RD  
 FORT KNOX KY 40121

1 76

Group # 659		
Master Account # 0000607700		Page 1 of 1
Billing Date 12/02/2011	Total Consumption 6048	
Cycle 05	Rate 0.06810	Service Type ELECTRIC
MR	32.05	USE 379.82
Amount Due		411.87



10 14, 615 0200 @ 62164  
 1 03 61502 86P 12144

Cycle 05

Page 1 of 1

Account #	Meter #	Rate	Bill Type	Previous Reading	Present Reading	Demand	Mtr Mult	Consumption Used	Charges	Total Amount
Service Address				Service From	Service To					
0000607700	7299476	61	R	10515	10536	401.184	288.0000	6048	411.87	
PRICHARD PL-E				10/18/2011	11/18/2011	CURRENT MONTH CHARGES				411.87
AMOUNT DUE										411.87



A-2

HARDIN CO WATER DIST #1  
 1400 ROGERSVILLE RD  
 FORT KNOX KY 40121

1 78

Group # 256		
Master Account # 0000080000		Page 1 of 1
Billing Date 11/03/2011	Total Consumption 1301	
Cycle 05	Rate 1.62300	Service Type WATER
MR		USE
Amount Due		2111.52

*pd  
11/5/11*



Cycle 05

Page 1 of 1

Account #	Meter #	Rate	Bill Type	Previous Reading	Present Reading	Demand	Mtr Mult	Consumption Used	Charges	Total Amount
Service Address			Service From	Service To						
0000080000	1000019	55	R	721734	722482	0.000	1.0000	748	1214.00	
WILSON AVENUE BOOSTER-W				09/29/2011	10/31/2011					
CURRENT MONTH CHARGES									1214.00	
AMOUNT DUE										1214.00
0000080200	1545329	55	R	5870	5945	0.000	1.0000	75	121.73	
CARPENTER TEST RD-W				09/29/2011	10/31/2011					
CURRENT MONTH CHARGES									121.73	
AMOUNT DUE										121.73
0000701700	1000441	55	R	152154	152632	0.000	1.0000	478	775.79	
PRICHARD PUMP STA-W				09/29/2011	10/31/2011					
CURRENT MONTH CHARGES									775.79	
AMOUNT DUE										775.79

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B-1

CD 95043

V 0000073

Group # 659		
Master Account # 0000607700		Page 1 of 1
Billing Date 11/03/2011	Total Consumption 5760	
Cycle 05	Rate 0.07320	Service Type ELECTRIC
MR	30.53	USE 391.10
Amount Due		421.63

1 79

HARDIN CO WATER DIST #1  
1400 ROGERSVILLE RD  
FORT KNOX KY 40121



10.14 6150200  
1.03 61502  
CP 11284  
CP 11294

Cycle 05

Page 1 of 1

Account #	Meter #	Rate	Bill Type	Previous Reading	Present Reading	Demand	Mtr Mult	Consumption Used	Charges	Total Amount
Service Address				Service From	Service To					
0000607700	7299476	61	R	10495	10515	401.184	288.0000	5760	421.63	
PRICHARD PL-E				09/16/2011	10/18/2011					
CURRENT MONTH CHARGES									421.63	
AMOUNT DUE										421.63

B-2



Electric Costs on Purchased Water - Prichard Pump Station  
2010 - 2011 Comparison

2010		2011	
Jan	\$ 907.20	Jan	\$ 786.24
Feb	\$ 665.28	Feb	\$ 505.96
March	\$ 504.00	March	\$ 358.39
April	\$ 443.52	April	\$ 632.45
May	\$ 604.80	May	\$ 252.98
June	\$ 887.04	June	\$ 1,054.08
July	\$ 806.40	July	\$ 379.47
August	\$ 463.68	August	\$ 948.67
Sept	\$ 342.72	Sept	\$ 758.94
Oct	\$ 705.60	Oct	\$ 421.63
Nov	\$ 604.80	Nov	\$ 411.87
Dec	\$ 483.84	Dec	\$ 254.97
<hr/>		<hr/>	
	\$ 7,418.88		\$ 6,765.65

C-2

**Water Bought from Fort Knox**

	<u>2010</u>	<u>2011</u>
Jan	6,508,000	5,313,000
Feb	2,323,000	1,654,000
Mar	1,965,000	1,203,000
Apr	2,074,000	2,695,000
May	11,110,000	3,089,000
Jun	12,365,000	5,178,000
Jul	10,832,000	9,536,000
Aug	8,390,000	10,824,000
Sep	4,567,000	3,310,000
Oct	10,749,000	1,291,000
Nov	10,003,000	874,000
Dec	3,216,000	1,563,000
	<u>84,104,010</u>	<u>46,530,000</u>

**Water Sold 01/11 - 12/11**

Jan	74,847,000
Feb	72,623,000
Mar	70,471,000
Apr	69,348,000
May	70,313,000
Jun	77,714,000
Jul	79,690,000
Aug	86,100,000
Sep	82,615,000
Oct	74,439,000
Nov	67,696,000
Dec	66,145,000
	<u>892,001,000</u>

## NOTICE

Due to Purchased Water Cost increases from the US Treasury, notice is hereby given that Hardin County Water District No. 1 has filed an application for a Purchased Water Adjustment with the Kentucky Public Service Commission for the purpose of adjusting its Retail and Wholesale water rates. Customer rates will increase by \$0.01 per 1,000 gallons used. The proposed change will be effective for service rendered on or after June 1, 2012.

### Monthly Rate:

<u>Volume Charge:</u>	<u>Current</u>	<u>Proposed</u>	<u>%Increase</u>
First 15,000 gallons	\$4.42 per 1,000 gal	\$4.43 per 1,000 gal	.23%
All Above 15,000 gallons	\$3.16 per 1,000 gal	\$3.17 per 1,000 gal	.32%

### Wholesale Rate:

All Water Used	\$1.92 per 1,000 gal	\$1.93 per 1,000 gal	.52%
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The monthly bill for a customer using an average of 4,500 gallons per month will increase \$0.05 from \$24.91 to \$24.96 or .20%.

The rates contained in this notice are the rates proposed by Hardin County Water District No. 1. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice.

Any corporation, association, body politic or person may request to intervene, by motion within thirty (30) days after notice of the proposed rate change is given. A motion to intervene shall be in writing and submitted to the Executive Director, Public Service Commission, P.O. Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant.

Copies of the application may be obtained at no charge from the District office located at 1400 Rogersville Road, Radcliff, KY 40160, 270-351-3222. Upon request from an intervener, the District shall furnish to the intervener a copy of the application and supporting documents.