

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the Matter of:

AN INVESTIGATION INTO THE )  
RATES AND CHARGES OF HARDIN ) CASE NO. 9383  
COUNTY WATER DISTRICT NO. 1 )

O R D E R

On July 1, 1985, an on-site billing inspection was performed by Public Service Commission ("Commission") staff at the offices of Hardin County Water District No. 1 ("Hardin No. 1") in Radcliffe, Kentucky. The staff report of the billing inspection, attached hereto and made a part hereof, indicates that Hardin No. 1 may be charging its two special contract customers (Hardin County Water District No. 2 and City of Vine Grove) rates in excess of those authorized by the Commission. It further appears that other operational practices and procedures are not in compliance with the statutes, administrative regulations and Commission policy.

The Commission, having considered the matter and being advised, is of the opinion and finds that a hearing should be scheduled to consider these matters.

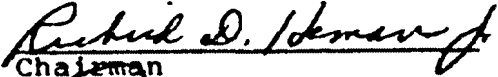
IT IS THEREFORE ORDERED that Hardin No. 1 shall appear at the offices of the Commission on July 25, 1985, at 9:00 a.m., Eastern Daylight Time, to present any evidence it can to show that its wholesale rates have been authorized by the Commission, or to provide evidence of the reasonableness of its rates, and to show

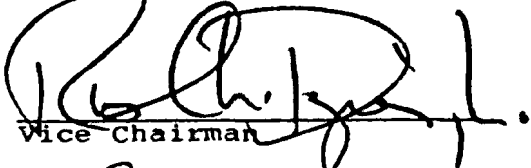
proof, if any it can, that its operational practices and procedures are in compliance with the statutes, administrative regulations, and Commission policy.

IT IS FURTHER ORDERED that copies of this Order shall be mailed by the Secretary of the Commission to each of the Commissioners of Hardin County Water District No. 1 and Hardin County Water District No. 2, and to the City of Vine Grove.

Done at Frankfort, Kentucky, this 12th day of July, 1985.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

\_\_\_\_\_  
Secretary

**INTRA-AGENCY MEMORANDUM**  
**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** The Commission

**THRU:** Phyllis Fannin  
George Sallee

**FROM:** Barbara Jones

**DATE:** July 5, 1985

**RE:** Case No. 9311 - Purchased Water Adjustment of Hardin  
County Water District No. 2  
Billing Inspection - Hardin County Water District  
No. 1, Supplier

**BACKGROUND**

On April 4, 1985, Hardin County Water District No. 2 (Hardin No. 2) filed an application for a purchased water adjustment due to an increase in the purchased water rate from its supplier, Hardin County Water District No. 1 (Hardin No. 1), which became effective for water purchased on and after November 20, 1984. As a part of the review process, Hardin No. 1's tariff was checked, and it was discovered that the increased wholesale rate was not contained in the approved tariff on file with the Commission. The tariff (Attachment A) states only that the rates for industrial customers will be set by special contract and shall not be less than 40¢ per 1,000 gallons of water. This tariff sheet was approved in 1954.

Subsequent investigation showed that, although water purchase contracts (Attachments B and B-1) were negotiated, apparently in 1977 and 1983, respectively, there is no record of

the contracts having been approved by the Commission. Hardin No. 1's rate cases, including the most recent, Case No. 8173, do not include a change in the wholesale rate. Therefore, on July 1, 1985, an on-site billing inspection was performed to determine whether Hardin No. 1 is charging unauthorized rates.

#### BILLING INSPECTION

Hardin No. 1 has two (2) wholesale customers who are served by special contract. These are City of Vine Grove and Hardin County Water District No. 2. Bills of both wholesale customers were checked from January, 1982, through June, 1985. Randomly selected bills of residential customers were also checked, and utility files relating to the contracts, tariff filings, and rules and regulations were reviewed. In addition, the following utility practices were reviewed:

- Deposit policy, payment of interest, certificate of deposit
- Display of utility rates and rules or statement of availability
- Display of Commission rules and statutes or statement of availability
- Office hours for payment of bills, etc.
- Information on bills
- Type of billing

Persons interviewed were Ms. Anna Greene, Office Manager, and Mr. Marvin Logsdon, Manager.

#### FINDINGS

##### Unauthorized Rates

Hardin No. 2 filed with its application for purchased water increase copies of contracts and related correspondence with Hardin No. 1. Hardin No. 1's files containing these contracts and correspondence were reviewed, but there were no stamped copies or

other documentation showing Commission approval of the contracts, and no record has been located in the Commission's files showing that either has been approved. (Attachments B and B-1). Copies of contracts with the City of Vine Grove have not been reviewed. No mention of a wholesale rate has been located in the rate case files of the Commission or filed tariffs which indicate approval of the wholesale rates which have been charged, except for the one tariff provision mentioned above.

The contract negotiated in October, 1977, provides for a rate of 40¢ per 1,000 gallons. Subsequent correspondence indicates that this was increased to 50¢ per 1,000 gallons in November, 1980. The second contract indicates that the rate was raised to 70¢ per 1,000 gallons pursuant to a resolution enacted on April 28, 1983; however, the actual bills show that the 70¢ rate was first charged on the November 20, 1982 billing. The latest increase to 79.14¢ per 1,000 gallons was first billed on the bill rendered in December, 1984, for services from November 20, 1984 to December 20, 1984. A breakdown of the costs justifying this rate, as calculated by Hardin No. 1, was filed by Hardin No. 2 in the purchased water case. (Attachment B-2)

Bills for the City of Vine Grove show that it was charged a rate of 50¢ per 1,000 gallons on the bill rendered January 20, 1982. This was increased to 70¢ per 1,000 gallons on the bill rendered February 24, 1983, and to 80¢ per 1,000 gallons on the bill rendered January 15, 1985.

The bills for residential customers are in accordance with Hardin No. 1's approved rate schedule.

### Deposit Policy

Hardin No. 1 provides billing service for the City of Radcliffe sewer services. A flat deposit of \$15.00 (\$8.00 for water service and \$7.00 for sewer service) has been required of renters only. Effective July 1, 1985, Hardin No. 1 intended to increase the deposit amount to \$20.00 (\$10.00 each for water and sewer) also to be charged renters only. Current deposits were not to be increased, but new customers would be required to deposit the higher amount. Hardin No. 1's tariff (also approved in 1954) contains provisions making landlords and tenants jointly responsible for water charges, and requiring all customers who are not the property owner or have at least a one year lease to make a deposit equal to two (2) months of the minimum bill. The current minimum bill is \$4.76 resulting in a deposit amount of \$9.52, very close to the proposed \$10.00. Mr. Logsdon stated that approximately 36 customers use the minimum or less each month. No change has been proposed in the tariff.

Mr. Logsdon and Ms. Greene stated that no interest has ever been paid on deposits even when service is discontinued, but that interest would be paid if a customer requested it. Neither was aware of the percentage of interest that was required to be paid.

A certificate of deposit is issued (Attachment C); however, it does not show the location of the premises occupied.

### Office Hours for Payment of Bills and Customer Service

Hardin No. 1 has adequate facilities for the payment of bills and provisions of service to customers in the office. The office is open Monday through Friday from 8 a.m. to 5 p.m.

Customers may come into the office or use a drive-in window facility. The manager, office manager, and two other office personnel were in the office to provide customer service and lunch times were alternated in order to keep personnel available throughout the day.

Type of Billing and Information on Bills

Hardin No. 1 has computerized billing and indicated that it plans to change to a new computer system in the near future. The class of service is not apparent from the bill card sample provided (Attachment D). The present and preceding meter readings and the meter constant are shown along with the number of units consumed. Water and sewer billing are shown separately. The billing date is shown, but not the meter reading date. A place is provided for net amount for service, gross amount, school tax, and past due amounts; however, no place is provided for other adjustments. Estimated or calculated bills are hand-stamped as such according to Ms. Greene.

Availability of Rates, Rules and Regulations

The utility's rate schedule, along with the City's sewer rate schedule, is provided to the customer by means of a flyer (Attachment E) located on a table in the office. Customers are not informed of rates in any other manner unless there is a rate increase requiring newspaper advertisement under PSC rules. Neither the Public Service Commission's rules, the utility's rules, nor state statutes are displayed, nor is any statement posted in the office advising customers that these are available upon request. In fact, neither the Commission's rules, the

statutes, or a copy of the utility's tariff could be located in the office by Ms. Greene. She indicated that she was sure there was a copy, but that she did not know where to look for it in the files.

#### Other Issues

Hardin No. 1's bottom rate block for usage over 40,000 gallons is 65¢ per 1,000, substantially below the price charged the two (2) contract customers. The cost information submitted to justify the current rate of 79.14¢ appears to be satisfactory and this rate is less than most wholesale rates.

Based on the purchases by Hardin No. 2 for the 12-month period ended December 31, 1984, and using only the most recent increase from 70¢ to 79.14¢, the total allowable increase in purchased water costs would be \$50,916.42. The actual overcharges from this last increase for the 6 months from November, 1984, through April, 1985, amount to \$25,006.64.

The absorption test done by the Revenue Requirements staff indicates that Hardin No. 2 is operating with a  $-.31$  debt service coverage, indicating that its financial status is very poor. It has absorbed the increase in purchased water costs since November, 1984, and cannot continue to do so without further deteriorating its financial status.



P. S. C. Ky. No. 1

Cancel

P. S. C. Ky. No. \_\_\_\_\_

HARDIN COUNTY WATER DISTRICT # 1

OF

HARDIN COUNTY KENTUCKY

RATES RULES AND REGULATIONS FOR FURNISHING  
WATER SERVICE AT

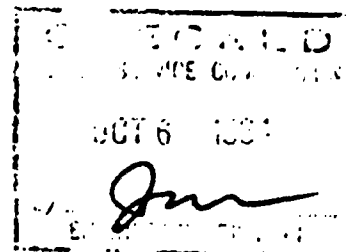
RADCLIFF, KENTUCKY AND SURROUNDING AREA AS RECORDED  
ON PAGE 19 in the Order Book of the County Court Clerk  
of Hardin County dated July 15, 1952

Filed with PUBLIC SERVICE COMMISSION OF  
KENTUCKY

Issued July 20, 1964 Effective Sept. 4, 1954

Issued By Hardin County Water District # 1  
( Name of Utility )

By H. C. Davis  
Chairman, Board of Commissioners



ATTACHMENT A

FOR Entire Area Served

P.S.C. Ky. No. 1

Original Sheet No. 1

Hardin County Water District # 1

Cancelling P.S.C. Ky. No. \_\_\_\_\_

Sheet No. \_\_\_\_\_

### RULES AND REGULATIONS

1. These rules and regulations are in addition to the rules of the Kentucky Public Service Commission.
2. Any resident of the Hardin County Water District # 1 is eligible for water service at the regular prescribed rates, there may be added an amount of fifteen per cent (15%) of the prescribed rates to the water bills of customers located outside of the Water District.
3. Both the landlords and the tenants of all properties served by the waterworks system of the District shall be liable, jointly and severally, for the water charges prescribed, for his particular type of connection.
4. Each customer who is not the owner, or hold at least a one year lease on the real estate on which the customer is located, will be required to deposit, as security for payment of his water bills, a sum equal to two (2) months of the minimum water charge for his particular type of connection being served before he will be entitled to receive water service. Such deposit shall be refunded to each customer who disconnects or moves from the location of his connection, except that such deposit shall be applied to any unpaid water bill or bills of such customer.
5. All temporary water users of less than one month will be required to make payment in advance for the amount of water which the Waterworks Superintendent estimates will be required.
6. No customer of said system (Individual, corporate or municipal) shall receive free water service or any water service without being charged the full rates prescribed for customers of the class in which customers fall.
7. That all rates and charges shall be billed on monthly basis, but not necessarily on the basis of a calendar month, and each bill shall provide for a due date ten (10) days after the date of rendition of the bill. As to any bill, or bills not paid within fifteen (15) days after the date of rendition of the bill there shall be added an additional charge of ten percent of the face amount of the bill, with the exception that each customer will be allowed one month per year that the delinquent charge will be waived.

DATE OF ISSUE July 20, 1954  
Month Day Year

DATE EFFECTIVE Sept. 4, 1954  
Month Day Year

ISSUED BY H. J. [Signature]  
Name of Officer

Chairman  
Title

1227 N. W. Dixie Blvd.  
Radcliff, Ky.

Address

FOR Herin County Water District

P.S.C. Ky. No. 1

1st Revised Sheet No. 1

Cancelling P.S.C. Ky. No. 1

Original Sheet No. 1

Herin County Water District

**RULES AND REGULATIONS**

- 8. The District shall have the right immediately and at any time thirty (30) days after the rendition of the bill, and a four (4) days written notice, to connect the water service of the delinquent user, and is required to disconnect such service if such bill together with the penalty is not paid within a period of sixty (60) days after its due date. If water service is disconnected for arrearage, a \$10.00 reconnect charge (N) will be bill by the user before service will be reconnected.
- 9. If at any time a customer is dissatisfied with his meter reading, he may request that the meter be checked. If in the opinion of the Superintendent he has a valid complaint, if the customer will accompany a representative from the District, the meter will be removed and checked at no expense to the customer. This service shall be done at the convenience of the District.
- 10. The District will only be obligated to provide a service connection at the price prescribed only when a water main is located on a road or street fronting the property that is to be served.
- 11. The rates set out herein shall be charged from the date each respective user begins to receive water service from the waterworks system of the District. The first collection period for any user or user may be less than one month, such rates shall be the minimum applicable rates.
- 12. If at any time a customer feels that he is over metered, upon a written request to the Herin County Water District, he may have the meter size changed; but if at a later date the user requests his meter to be changed back to the larger size, he will be required to pay the difference in the connection charge of the different size service.

DATE OF ISSUE	<u>February 17, 1977</u>	DATE EFFECTIVE	<u>12</u>	<u>25</u>	<u>77</u>
	Month Day Year		Month	Day	Year
ISSUED BY	<u>Dorn H. Hays</u>	Chairman	<u>673</u>	<u>Canale Jr.</u>	<u>Raichiff, Ky.</u>
	NAME OF OFFICER	Title	Address		

Form for filing Rate Schedules

For Entire Area Served  
Community, Town or City

P.S.C. NO. 1

Second Revised SHEET NO. 1

U.R.C.  
CANCELLING ~~BOX~~ NO. 1

First Revised SHEET NO. 1

HARDIN COUNTY WATER DISTRICT NO. 1  
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

WATER SERVICE		RATE PER UNIT
<u>General Customers</u>		
<u>NUMBER OF GALLONS OF WATER PER MONTH</u>		<u>MONTHLY CHARGE PER 1,000 GALLONS OR LESS PER MONTH</u>
First	2,000 gallons or less	\$4.76 (Minimum bill)
Next	8,000 gallons	1.15
Next	15,000 gallons	.95
Next	15,000 gallons	.78
All over	40,000 gallons	.65
<u>Multi-Family Rate</u>		
<p>The minimum bill to customers who serve three or more units of apartment buildings, mobile home parks, trailer parks, or other multi-family premises, shall be the residential monthly minimum (\$4.76) times the number of units available per customer. The monthly minimum shall entitle the customer to not less than 2,000 gallons of water, times the number of units available per month. The balance of the monthly usage shall be at the general customers' rates set out above.</p>		
		<p><b>CHECKED</b> Public Service Commission APR 20 1982 by <u>S. Richmond</u> RATES AND TARIFFS</p>

DATE OF ISSUE October 28, 1981 DATE EFFECTIVE March 9, 1982

ISSUED BY Bernie Hears TITLE Chairman  
Name of Officer

Issued by authority of an Order of the Board

Form for filing Rate Schedules

For Entire Area Served  
Community, Town or City

P.S.C. NO. 1

Second Revised SHEET NO. 2  
U.R.C.

CANCELLING ~~BOOK~~ NO. 1

First Revised SHEET NO. 2

HARDIN COUNTY WATER DISTRICT NO. 1  
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

WATER SERVICE		RATE PER UNIT
<u>CONNECTION CHARGES</u>		
<u>SIZE OF WATER CONNECTION</u>	<u>CONNECTION CHARGE</u>	
5/8 inch x 3/4 inch	\$250	
3/4 inch	280	
1 inch	340	
1-1/2 inch	480	
2 inch	625	
<p>Extra meter installation for the relocation of an existing meter and installing an extra meter in the existing service line:</p> <p style="text-align: center;">Utilizing the existing meter vault      \$ 105.00</p> <p style="text-align: center;">Installing another meter vault      135.00</p> <p>Such charge shall provide for a connection at the water main and a service line run to the property line of the customer and a meter installation at that point.</p>		
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: auto;"> <p style="text-align: center;"><b>CHECKED</b> Public Service Commission</p> <p style="text-align: center;">APR 20 1982</p> <p style="text-align: center;">by <u><i>A. Johnson</i></u> RATES AND TARIFFS</p> </div>		

DATE OF ISSUE October 28, 1981      DATE EFFECTIVE March 9, 1982

ISSUED BY *Byron Hears*      TITLE Chairman

Issued by authority of an Order of the Public Service Commission of the State of Ohio

Form for filing Rate Schedules

For Entire Area Served  
Community, Town or City

P.S.C. NO. 1

Original SHEET NO. 7

Hardin County Water District # 1  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE		RATE PER UNIT
Schedule # <u>7</u>	Industrial Customers	
<p>Applicable: Within the service area of the Hardin County Water District # 1.</p> <p>Availability: Industrial Customers.</p> <p>Rates: Industrial Customers shall be sold water by Seperate Special Contract, but in no event will water be sold for less than \$ .40 per thousand gallons.</p>		
		<div data-bbox="1073 1418 1428 1666" data-label="Text"> <p>C E C O PUBLIC SERVICE COMMISSION OCT 6 1964 By <u>[Signature]</u> E. [Signature]</p> </div>

DATE OF ISSUE July 20, 1964 DATE EFFECTIVE Sept. 4, 1954

ISSUED BY H. C. Dennis TITLE Chairman  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. \_\_\_\_\_ dated \_\_\_\_\_.

Form for filing Rate Schedules

For Entire Area Served  
Community, Town or City

P.S.C. NO. 1

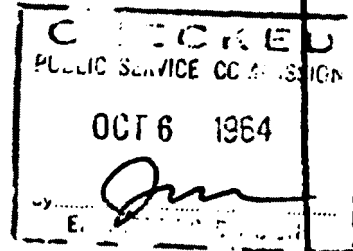
Original SHEET NO. 8

CANCELLING P.S.C. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

Hardin County Water District # 1  
Name of Issuing Corporation

CLASSIFICATION OF SERVICE		RATE PER UNIT
Schedule # 8	Fire Hydrant Charge	
<p>Applicable: Within the service area of the Hardin County Water District # 1.</p> <p>Availability: To domestic, farm, commercial and industrial customers.</p> <p>Rates:</p> <p>All users having fire hydrants ( other than the Hardin County Water District # 1 ) shall pay an annual charge for said fire hydrants of \$ 50.00 each.</p>		



DATE OF ISSUE July 20, 1964 DATE EFFECTIVE Sept. 1, 1954

ISSUED BY H. L. [Signature] TITLE Chairman  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. \_\_\_\_\_ dated \_\_\_\_\_.

Form for filing Rate Schedules

For Entire Area Served  
Community, Town or City

P.S.C. NO. 1

1st. Revised SHEET NO. 1

CANCELLING P.S.C. NO. \_\_\_\_\_

Hardin County Water District No. 1

Name of Issuing Corporation

Original Sheet SHEET NO. 3,4,5

**CLASSIFICATION OF SERVICE**

Connection Charges

Applicable: Within the service area of the Hardin County Water Dist.1

<u>Size and Type of Meter</u>	<u>Connection Charge</u>
5/8" X 3/4" Service	\$ 200.00
3/4" Service	\$ 240.00
1" Service	\$ 275.00
1 1/2" Service	\$ 450.00
2" Service	\$ 575.00

Extra meter installation for the relocation of an existing meter and installing an extra meter in the existing service line:

Utilizing the existing meter vault \$ 105.00

Installing another meter vault \$ 135.00

Such charge shall provide for a connection at the water main and a service line run to the property line of the customer and a meter installation at that point.

(I)

(I)

(w)

(w)



DATE OF ISSUE December 29, 1975

DATE EFFECTIVE February 3, 1976

ISSUED BY *James H. ...*  
Name of Officer

TITLE Chairman

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. 6455 dated February 3, 1976.



TAP ON CONTRACT

The undersigned person, being a property owner located within the geographical limits of Hickory Water District of Graves County, Kentucky, and being without an adequate or acceptable source of public water, does hereby agree to avail himself and his property of the service proposed to be offered by said Hickory Water District, the undersigned does further agree and obligate himself to accept said services and to pay therefor, over and above the regular monthly charge for water, a tap-on-fee in the amount of \_\_\_\_\_ . The undersigned representative of the Hickory Water District acknowledges receipt from the undersigned property owner of the some of \_\_\_\_\_ as downpayment on said tap-on-fee with the understanding that the balance of \_\_\_\_\_ shall be paid to the District on or before thirty (30) days following the date of an award of a contract for the construction of the system. Upon construction of the water distribution system, Hickory Water District agrees to make available on the undersigned property owner the use of a water meter to be installed on the owners property.

It is understood between these parties that the undersigned property owner will, at his own expense, and within thirty (30) days after a water supply is available to the owner's property, install an approved service line from the water meter to the improvement on his property, the same to be constructed in compliance with the plumbing code and other applicable laws of the Commonwealth of Kentucky, It is further understood that in the event the said property owner does not install service line within thirty (30) after a water supply is available, that he will obligate himself to the minimum monthly water rate.

It is understood between these parties that if the Hickory Water District shall be unable to construct said water distribution system or to furnish public water to the property of the undersigned property owner within eighteen (18) months of the date hereof, this contract will be void and the District will refund the amount paid hereunder in full.

WITNESS the hands of the parties on this \_\_\_\_\_ day of \_\_\_\_\_

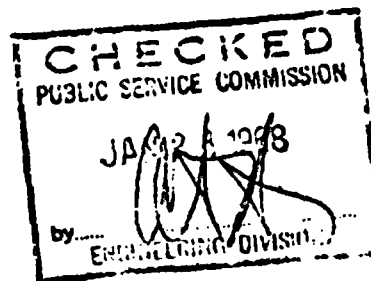
PROPERTY OWNER

\_\_\_\_\_

\_\_\_\_\_

Hickory Water District

By \_\_\_\_\_



WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 20th day of October,  
19 77, between the Hardin County Water District #1  
Lincoln Trail Blvd., Redcliff, KY 40160  
(Address)

hereinafter referred to as the "Seller" and the Hardin County Water District #2  
P. O. Box 66, Elizabethtown, KY 42701  
(Address)  
hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Chapters 74 & 106 of the  
Code of Kentucky Revised Statutes, for the purpose of constructing and operating a water supply distribution  
system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish  
this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the  
present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown  
in the plans of the system now on file in the office of the Purchaser, and

Whereas, by resolution No. \_\_\_\_\_ enacted on the 20th day  
of October, 19 77, by the Seller, the sale of water to the Purchaser in accordance  
with the provisions of the said resolution was approved, and the execution of this contract  
carrying out the said resolution by the Chairman  
and attested by the Secretary, was duly authorized, and

Whereas, by resolution of the Board of Commissioners  
of the Purchaser, enacted on the 8th day of November, 19 77,  
the purchase of water from the Seller in accordance with the terms set forth in the said resolution  
was approved, and the execution of this contract by the Chairman  
attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of  
this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Kentucky  
Department for Natural Resources & Environmental Protection, Division Of Water  
in such quantity as may be required by the Purchaser not to exceed 50,000,000 gallons per month.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at 15 lbs. from an existing 12" inch main supply at a point located 100

feet north of Kentucky Highway 434 on the Right of Way at U. S. 31-W. If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate

shall be corrected for the 3 months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller

and Purchaser shall agree upon a different amount. The metering equipment shall be read by the last day of each month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 10th day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 15th day of each month, for water delivered in accordance with the following schedule of rates:

- a. \$ 40.00 for the first 100,000 gallons, which amount shall also be the minimum rate per month.
- b. \$ .40 cents per 1000 gallons for water in excess of 100,000 gallons but less than \_\_\_\_\_ gallons.
- c. \$ .40 cents per 1000 gallons for water in excess of 200,000 gallons.

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of 00 dollars which shall cover any and all costs of the Seller for installation of the metering equipment and \_\_\_\_\_

C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 40 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.
2. (Delivery of Water) That 10 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.
3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge of \$ .40 per 1,000 gal which will be paid by the contractor or, on his failure to pay, by the Purchaser.
4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.
5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every 1 year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.
6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.
7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.
8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.
9. (Pledge) For and in consideration of the agreement of Farmers Home Administration loan for certain water system improvement in Hardin County, the applicant by executing this document does hereby pledge such document to the United States of America acting thru the Farmers Home Administration as part of the security for a loan.
10. "The purchaser agrees that during the term of this agreement its exclusive source of water shall be the seller hereunder, and further agrees not to purchase water from any other body except in cases where the seller is unable to supply the purchaser with quantities of water as required by the purchaser. In said event, it is expressly agreed that the purchaser shall have the right to purchase water from other bodies with no liability to the seller, or purchaser provided, however, that said right of the purchaser shall not relieve the seller of any of its obligations under this agreement to operate and maintain its system in an efficient manner and take such action as would be necessary to furnish the purchaser with quantities of water required by the purchaser, and other obligations of the seller as set out in this agreement."

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in 4 counterparts, each of which shall constitute an original.

Attest:

A. T. Logsdon  
Secretary

Attest:

Leslie C. Crosby  
Secretary

This contract is approved on behalf of the Farmers Home Administration this 14 day of April, 19 78.

Seller:

Hardin County Water District #  
By Bernie W. Deas  
Title Chairman

Purchaser:

Hardin County Water District #  
By Travis Person  
Title Chairman

By

Lyle T. Hammon  
LYLE T. HAMMON  
Title Chief Community Programs

H. T. LOGSDON  
865 Hancock Dr.  
Radcliff, Kentucky

COMMISSIONERS

H. W. WALDMAN  
987 New Dale  
Radcliff, Kentucky

BERNIE SLAHS  
673 Semitone City  
Radcliff, Kentucky

MARVIN L. LOGSDON, MANAGER

**HARDIN COUNTY WATER DISTRICT NO. 1**

400 WEST LINCOLN FRAM BLVD  
RADCLIFF, KENTUCKY 40160  
PHONE 381-3222

October 27, 1980

Mr. Fraisor Reesor  
Chairman, Hardin County Water District No. 1  
10 Box 66  
Elizabethtown, Kentucky 40120

Dear Fraisor,

At our monthly meeting on October 16th, the commissioners discussed at length the adjustment in rates in the water purchase contract which is to be renegotiated in this month. Aubrey has just completed our audit, and we have just received the information from Louisville Gas & Electric Company on the rate increase they were recently granted.

We are quite concerned about the L G & E increase in electric costs. In addition to the 17% average increase they were granted, there was a 20% demand charge increase. This cost along with the 1% increase Kentucky Utilities was granted is calculated to increase our cost a minimum of  $\frac{3}{4}$  per thousand gallons of water.

Our maintenance and repair cost was abnormally low in the 1979-1980 water production cost audit. District # 1 is scheduled to spend \$37,000.00 in the 1980-1981 fiscal year. This does not take into consideration any major repairs that can occasionally occur. It is conservatively figured that it will take an additional  $\frac{1}{4}$  per thousand gallons to meet this cost.

Additional chemical and labor costs are calculated to add  $\frac{1}{4}$  per thousand gallons.

As you can easily see there is no way Hardin County Water District No. 1 can produce and sell water for less than \$0.50 per thousand gallons. Since these added costs are already in affect it is urgent that this rate change become effective immediately. Please give this matter your immediate attention.

Very truly yours,

  
Bernie Slahs

Supplement to Cost of Water Production  
9/1/79 - 8/31/80

The rate increase announced by LG&E to become effective in October will have a profound affect on power costs for large consumers. There was the 17% for normal consumption but there was a 28% demand charge increase. Averaging this out with Kentucky Utilities 15% increase, based on the period of this audit production costs for electricity alone will go up a minimum of 3¢ per thousand gallons. Of course this does not take into consideration that if the new larger pump and motor at the Middlesboro plant has not as of this date been used to its full capacity. It is known that the demand factor will be greater at full capacity, but it is difficult to calculate as it is not known how many hours per day the large motor will be required to operate.

Maintenance costs are very low in the production cost audit. With the maintenance and repairs that are presently underway plus the ones that are anticipated in this calendar year they will exceed last years maintenance costs by \$ 30,000.00. Maintenance and repair costs during the next twelve month period are calculated to increase production costs by at least 3¢ per thousand gallons.

Chemical and labor costs are calculated to add 1/4¢ per thousand to production cost, this is bring any substantial increases in chemical costs. Known production cost increases at this time for chemicals are difficult to predict but additional price increases have not been announced at this time.

With these known cost increases .50 per thousand gallons is the very minimum that Hardin County Water District No. 1 will be able to sell water for during the next twelve month period.

COST OF WATER PRODUCTION

HARDIN COUNTY WATER DISTRICT NO. 1 - RADCLIFF, KENTUCKY  
FOR THE FISCAL YEAR SEPTEMBER 1, 1979 to AUGUST 31, 1980



R E S O L U T I O N

The following resolution was fully passed and adopted at a meeting of the HARDIN COUNTY WATER DISTRICT #2, on the 11 day of November, 1980;

RESOLVED: Pursuant to the Water Purchase Contract between Hardin County Water District #1, as Seller and Hardin County Water District #2, as Purchaser, dated October 20, 1977, Hardin County Water District #2, effective with the October, 1979, billing, shall purchase water pursuant to the above mentioned Contract from Hardin County Water District #1 at a flat charge of \$.50 per 1,000 gallons and said rate shall remain in effect pursuant to the terms and conditions of the Contract of October 20, 1977.

*Francis Reiser*  
HARDIN COUNTY WATER DISTRICT #2  
BY:

ATTEST:

*B. L. Simpson*  
SECRETARY

H. T. LOGSDON  
665 MICHAEL DR.  
RADCLIFF, KENTUCKY

COMMISSIONERS

H. W. WALDMAN  
987 NW DIANE  
RADCLIFF, KENTUCKY

BERNIE SEAMS  
673 SEMINOLE DRIVE  
RADCLIFF, KENTUCKY

MARVIN L. LOGSDON, MANAGER

HARDIN COUNTY WATER DISTRICT NO. 1

400 WEST LINCOLN TRAIL BLVD  
RADCLIFF, KENTUCKY 40160  
PHONE 381-3222

December 1, 1982

Mr. Fraisor Reesor, Chairman  
Hardin County Water District No. 2  
P.O. Box # 66  
Elizabethtown, Kentucky 42701

Dear Fraisor,

Please find enclosed herewith an audit of water production costs based on the fiscal year September 1, 1981 to August 31, 1982.

Section C-5 of the water purchase contract of October 20, 1977 provides for a modification of rates at the end of each one year period based on a demonstrable increase or decrease in the cost of water production.

Based on production costs and as has previously been discussed the rate in section B-1 of the water purchase contract will be \$.70 per 1,000 gallons of water. This rate to become effective with the November 1982 billing.

*paid in June*

*Bernie Seams*

Bernie D. Seams, Chairman  
Hardin County Water District No. 1

The rate change specified herein is hereby acknowledged and accepted by  
Hardin County Water District No. 2

Date: \_\_\_\_\_

\_\_\_\_\_  
Fraisor Reesor, Chairman  
Hardin County Water District No. 2

COST OF WATER PRODUCTION

HARDIN COUNTY WATER DISTRICT NO. 1 - RADCLIFF, KENTUCKY  
FOR THE FISCAL YEAR SEPTEMBER 1, 1981 to AUGUST 31, 1982

COST OF WATER PRODUCTION

HARDIN COUNTY WATER DISTRICT NO. 1 - RADCLIFF, KENTUCKY

FOR THE FISCAL YEAR SEPTEMBER 1, 1981 to AUGUST 31, 1982

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Power purchased	\$165,225.32
Pumping labor	41,872.76
Well field repairs	6,261.94
Pumping repairs & expense	6,190.27
Purification supplies & expense	68,775.54
Water plant repairs & expense	1,970.91
Purification repairs	3,880.14
Other repairs	2,472.59
Truck expense	5,843.09
Managers salary	9,504.00
Insurance	2,253.68
Retirement fund expense	1,058.64
Social security tax	5,843.73
Other employee benefits	9,717.77
General and administrative	3,053.25
Other production expense	603.49
Interest expense	249,189.88
Depreciation	<u>73,117.46</u>
<b>TOTAL PRODUCTION COST</b>	<b><u>\$656,834.46</u></b>

TOTAL PRODUCTION COSTS (above)	\$656,834.46
TOTAL GALLONS PRODUCED	954,704,200
COST PER 1,000 GALLONS	.6880



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

333 Waller Avenue  
Lexington, Kentucky 40504

May 10, 1983

Mr. Delbert Parrett, Manager  
Hardin County Water District No. 2  
Hwy 62 & Hillcrest  
P. O. Box 66  
Elizabethtown, Kentucky 42701

Dear Mr. Parrett:

We are enclosing two approved copies of the Water Purchase Contract between Hardin County Water District No. 2 and Hardin County Water District # 1.

You should retain one copy for the District's file and provide the other to Hardin County Water District # 1.

If you have any questions, please feel free to contact this office.

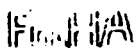
Sincerely,

RENDELL L. SEATON  
State Director

Encls.

cc: FHM/A District Director w/attachment  
Munfordville, KY

*Delbert:  
Say Hello to  
everyone for me.  
KS.*



United States Department of Agriculture  
Farmers Home Administration  
333 Waller Avenue  
Lexington, Kentucky 40504

ATTACHMENT B-1



COMMISSIONERS  
Chairman:  
FRASUR REESOR  
Route 5  
Elizabethtown, Ky.

DELBERT PAMNETT, MANAGER

Sec. Treas.  
BURTON LANGLEY  
Route 9  
Elizabethtown, Ky.

COLEMAN CRADY  
Route 5  
Elizabethtown, Ky.

**HARDIN COUNTY WATER DISTRICT NO. 2**

HWY. 28 & HILLCREST P. O. BOX 66  
ELIZABETHTOWN, KENTUCKY 42701

Phone 737-1000

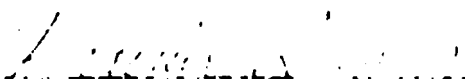
January 11, 1985

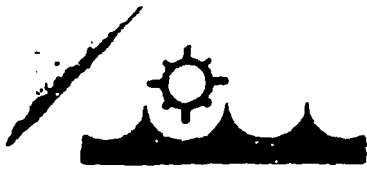
Mr. Leland Green  
District Director  
Farmers Home Administration  
Murfordsville, KY. 42765

Dear Mr. Green:

Our Water District received a letter of conditions and signed a letter of intent to meet those conditions in order to receive a \$1,571,000.00 loan from Farmers Home Administration. These letters dated August 4, 1982, allowed us 180 days to meet those conditions.

As of this date our Water District has not been able to agree on a new satisfactory water Purchase Contract with Hardin County Water District No. 1, and we will not be able to meet the conditions within the time allowed as we intended. Therefore, we are requesting an extension of time to allow us the necessary time to obtain a satisfactory Water Purchase Contract and to meet the other conditions.

  
CHAIRMAN, HARDIN CO. WATER DISTRICT NO. 2



COMMISSIONERS  
Chairman:  
FRANK REESOR  
Route 8  
Elizabethtown, Ky.

DELBERT PARRETT, MANAGER

Sec. Treas  
BURTON LANGLEY  
Route 2  
Elizabethtown, Ky.

COLEMAN CRADY  
Route 1  
Elizabethtown, Ky.

**HARDIN COUNTY WATER DISTRICT NO. 2**

HWY. 48 & HILLCREST P. O. BOX 48  
ELIZABETHTOWN, KENTUCKY 42701  
Phone 737-1866

April 29, 1961

Farmers Home Administration  
333 Waller Avenue  
Lexington, Kentucky 40504

Attention: Bob Letton

Dear Bob:

Our Water District #2 commissioners and I have had several meetings and have rewritten a new proposal Water Purchase Contract with Hardin County Water District #1. This new contract is not 100% of what we wanted but seems to be the closest contract that both Districts can agree on.

If you approve of this new Water Purchase Contract, we need another extension of time in order for us to meet the other requirements of the letter of Conditions for our F.H.A. loan.

Sincerely,

Delbert Parrett, District Mgr.  
Hardin County Water District No. 2

DP:ml  
cc

*Handwritten notes:*  
FHR  
H.C.F.  
H.C.F.

WATER PURCHASE CONTRACT

*Handwritten initials:*  
S...  
B...

This contract for the sale and purchase of water is entered into as of the \_\_\_ day of \_\_\_\_\_, 19\_\_\_, between the HARDIN COUNTY WATER DISTRICT #1, Lincoln Trail Boulevard, Radcliff, Kentucky 40160, hereinafter referred to as the "Seller" and the HARDIN COUNTY WATER DISTRICT #2, P. O. Box 66, Elizabethtown, Kentucky 42701, hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Chapters 74 and 106 of the Code of Kentucky Revised Statutes, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

Whereas, the Resolution No. 1 enacted on the 28<sup>th</sup> day of April, 1983, by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said Resolution was approved, and the execution of this contract carrying out the said Resolution by the Chairman, and attested by the Secretary, was duly authorized, and



*FAR*  
*1911*  
*11.5*  
*FAR*

Whereas, by Resolution of the Board of Commissioners of the Purchaser, enacted on the \_\_\_ day of \_\_\_\_\_, 19\_\_\_, the purchase of water from the Seller in accordance with the terms set forth in the said Resolution was approved, and the execution of this contract by the Hardin County Water District #2, and attested by the Secretary was duly authorized;

*L*  
*B*

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the points of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Kentucky Department for Natural Resources and Environmental Protection, Division of Water, in such quantity as may be required by the Purchaser not to exceed 50,000,000 gallons per month at the existing, Longview connection hereinafter described in A.2.a. from the date of this Water Purchase Contract until the delivery of water by the Seller to the Purchaser at the Franklin Crossroads connection hereinafter described in A.2.b., at which time the quantity shall not exceed 45,000,000 gallons per month at the Longview connection and shall not exceed 25,000,000 gallons per month at the Franklin Crossroads connection or 70,000,000 gallons per month in total. The delivery requirements herein are subject to Section C-10 of this contract.

(Points of Delivery and Pressure) That water will be furnished at a reasonably constant pressure at the following points of delivery. If a greater pressure than that normally available at the points of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply

due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

a. (Longview Connection) That water will be furnished at a reasonably constant pressure calculated at 15 psi from an existing 12-inch main supply at a point located 100 feet North of Kentucky Highway 434 at the right-of-way at U.S. 31-W.

b. (Franklin Crossroads Connection) That water will be furnished at a reasonably constant pressure calculated at 30 psi from an existing 10-inch main supply at a point located at the intersection of Kentucky Highways 86 and 1375.

3. (Metering Equipment) To furnish, install, operate and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type of properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the three (3) months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on the 20th day of each month.

An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 10th day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 15th day of each month, for water delivered under the terms of this contract at a rate of \$.70 per 1,000 gallons; subject to the modification terms as set forth in Section C-5 of this Contract.

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Sellers system with the system of the Purchaser an amount equal to the actual cost of such connection borne by the Seller.

C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 40 years from the first of the following occurrences:

a. The date of the initial delivery of any water at the Franklin Crossroads connection;

b. Two (2) years following the date of this agreement.

Thereafter the contract may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser in writing.

2. (Delivery of Water) That 10 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser, the Seller will make available to the Contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge of the then prevailing rate under this contract which will be paid by the Contractor or, on his failure to pay, by the Purchaser.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) For purposes of this contract the rate year shall be from November 20 - November 19th of the following calendar year, except that the initial rate year shall be from May 20, 1983 through November 19, 1983. The cost year shall be the cost determined by Seller's last fiscal year audit preceding November 20th of the rate year in question. The provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of each rate year. Any increase or decrease in rates

shall be based on a demonstrable increase or decrease in the cost of performance hereunder, but such cost shall not include increased capitalization of the Seller's system unrelated to performance hereunder. The attached formula shall be used to demonstrate the Seller's cost of performance hereunder. Item 1 through 16 of the attached formula shall be based upon the Seller's actual cost of performance as determined by the cost year. Item 17 shall not increase or decrease without a written agreement between these parties. The amount of Item 17 is based upon the maximum quantity of water to be provided by the Seller as described in Section A-1. Should the maximum quantity of water be increased or decreased by subsequent written agreement, the amount of Item 17 shall increase or decrease by the same percentage. Said formula is incorporated herein as if fully set out.

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

*FAR*

*2*

9. (Pledge) For and in consideration of the agreement of Farmers Home Administration loan for certain water system improvements in Hardin County, the applicant by executing this document does hereby pledge such document to the United States of America acting through the Farmers Home Administration as part of the security for a loan.

10. The first month that the quantity of water delivered by Seller to Purchaser is 25,000,000 gallons or less (or Section C-11 is invoked), the requirements of Section A-1 shall cease. From and including said month, Seller shall be required to make 25,000,000 gallons available each month for a period of one (1) year. Purchaser shall pay for 25,000,000 gallons per month for one (1) year, whether delivery is accepted or not. Each year thereafter the amount Seller shall have available for Purchaser and which Purchaser shall pay for, whether or not delivery is accepted, shall be reduced by 2,500,000 gallons per month. At the end of ten (10) years, from and including the first month the quantity of water delivered by Seller to Purchaser is 25,000,000 gallons or less, this contract will terminate.

11. The Seller and the Purchaser agree that with the growing communities and increasing demands for additional water, the Purchaser needs to obtain another source of water supply. Therefore, on or before the time the purchaser is accepting delivery of 60,000,000 gallons per month from all of Purchaser's water sources, including Seller, the Purchaser will begin to seek another source of water supply so that the project or projects needed to obtain the additional or other source of water will be completed and in use by the time the Purchaser reaches a demand of 70,000,000 gallons per month from all of Purchaser's water sources, including Seller. Seller's obligations, other than Section C-10 above, under this contract shall cease on the first of the following occurrences:

AR

(a) the Purchaser obtains and/or constructs another source of water or additional sources of water which has been placed in operation and/or use by Purchaser; (b) one (1) year following the end of a month in which Purchaser first accepts delivery to purchaser of 70,000,000 gallons of water from all of its water sources, including Seller. Upon the first of these occurrences, the provisions of Section C-10 shall apply.

12. This contract is the entire agreement between the parties and may not be modified except by written agreement of the parties.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in four (4) counterparts, each of which shall constitute an original.

SELLER:

HARDIN COUNTY WATER DISTRICT #1

BY:

Bernie Sears

TITLE:

Chairman

ATTEST:

Henry D. Williams  
SECRETARY

PURCHASER:

HARDIN COUNTY WATER DISTRICT #2

BY:

Franklin Reed

TITLE:

Chairman

ATTEST:

Burt Langley  
SECRETARY

This contract is approved on behalf of the FARMERS HOME ADMINISTRATION  
this \_\_\_ day of \_\_\_\_\_, 19\_\_.

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

*AD.  
TEX  
FAR.*

FORMULA

*J.C.  
D*

Hardin County Water District No. 1

Radjcliff, Kentucky

For Fiscal Year September 1, 1981 to August 31, 1982

DESCRIPTION:

AMOUNT:

1.	Power Purchased	\$ 165,225.32
2.	Pumping Labor	41,872.76
3.	Well field repairs	6,261.94
4.	Pumping repairs and expense	6,190.27
5.	Purification supplies and expense	68,775.54
6.	Water plant repairs and expense	1,970.91
7.	Purification repairs and expense	3,880.14
8.	Other repairs	2,472.59
9.	Truck expense	5,843.09
10.	Managers salary	9,504.00
11.	Insurance	2,253.68
12.	Retirement fund expense	1,058.64
13.	Social Security tax	5,843.73
14.	Other employee benefits	9,717.77
15.	General and administrative	3,053.25
16.	Other production expense	603.49
17.	Debt service	<u>333,800.00</u>
	TOTAL PRODUCTION COST	\$668,327.12
	TOTAL PRODUCTION COST ( above )	\$668,327.12
	TOTAL GALLONS PRODUCED	954,704,200
	COST PER 1,000 GALLONS	.70c



COST OF WATER PRODUCTION

HARDIN COUNTY WATER DISTRICT NO. 1 - RADCLIFF, KENTUCKY  
FOR THE FISCAL YEAR SEPTEMBER 1, 1983 to AUGUST 31, 1984

ATTACHMENT B-2

COST OF WATER PRODUCTION

HARDIN COUNTY WATER DISTRICT NO. 1 - RADCLIFF, KENTUCKY

FOR THE FISCAL YEAR SEPTEMBER 1, 1983 to AUGUST 31, 1984

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Power purchased	\$283,322.69
Pumping labor	84,283.69
Well field repairs	34.66
Pumping repairs and expense	3,179.96
Purification supplies and expense	67,778.19
Water plant repairs and expense	10,723.08
Purification repairs and expense	12,839.89
Other repairs	106.24
Truck expense	7,642.00
Managers salary	12,783.00
Insurance	1,300.00
Retirement fund expense	14,400.00
Social security tax	7,785.00
Other employee benefits	10,074.00
General and administrative	3,342.00
Debt service (per contract)	<u>333,800.00</u>
<b>TOTAL PRODUCTION COST</b>	<b><u>\$853,506.26</u></b>

TOTAL PRODUCTION COST (above)

\$853,506.26

TOTAL GALLONS

1,078,413,400

COST PER 1,000 GALLONS

.7914

\_\_\_\_\_ 19 \_\_\_\_\_ DEPOSIT RECEIPT

RECEIVED OF \_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ 100 \_\_\_\_\_ DOLLARS

FOR \_\_\_\_\_ PROPERTY OWNER HARDIN COUNTY WATER DISTRICT #1

\_\_\_\_\_ BY \_\_\_\_\_

ATTACHMENT C

KEEP THIS PORTION FOR YOUR RECORDS

**HARDIN COUNTY WATER DISTRICT NO. 1**

400 LINCOLN TRAIL BLVD.  
 RADCLIFF, KENTUCKY 40160  
 (RETURN POSTAGE GUARANTEED)

FIRST CLASS MAIL  
 U.S. POSTAGE  
 PAID  
 PERMIT NO. 116  
 RADCLIFF, KY 40160

BILLING DATE	ACCOUNT NUMBER	UNPAID BALANCE	PREVIOUS READING	PRESENT READING	CONSUMPTION	ACCOUNT NUMBER
WATER	SEWER	SCHOOL TAX	GROSS AMOUNT	NET AMOUNT	SERVICE AT:	

DATE OF BILLING: \_\_\_\_\_ 17th of MONTH \_\_\_\_\_

WATER  
 SEWER  
 SCH. TAX  
 GROSS  
 NET

\* THE LAST TWO DIGITS ARE DROPPED FOR BILLING PURPOSE  
 STATE TAX IS INCLUDED WHEN APPLICABLE.

**ATTACHMENT D**

CARRIER'S STAMP  
 RETURN WITH PAYMENT

LAST DIGIT OF ACCOUNT  
 NUMBER INDICATE RATE CODE

OFFICE HOURS: 8 A.M. TO 5 P.M. MON. - FRI.  
 EMERGENCY PHONE 351-3222

**NIGHT  
 DEPOSITORY  
 AVAILABLE**

GOOD WATER AND PLENTY OF IT IS THE LIFE BLOOD OF RADCLIFF. THE AROUND THE CLOCK DEPENDABILITY AND 24 HOUR DELIVERY/COLLECTION DAY AFTER DAY AFTER DAY OF YOUR WATER AND WASTE WATER SYSTEM IS NO ACCIDENT. THE UTILITIES ARE OPERATED BY TRAINED PERSONNEL. A TECHNICAL STAFF WITH A LONG RECORD OF SERVICE AND EXPERIENCE IN ALL PHASES OF WATERWORKS ACTIVITIES INCLUDING CONSTRUCTION, ENGINEERING, MAINTENANCE AND OPERATION. THE SYSTEMS PROTECT AND PROMOTE PUBLIC HEALTH, CONTRIBUTE TO BEAUTIFICATION AND RECREATIONAL ACTIVITIES, STRENGTHEN FIRE DEFENSE AND STIMULATE DESIRED GROWTH. THE BILLING IS YOUR SHARE OF THE EXPENSES FOR THE TOTAL WATER AND WASTE WATER SYSTEM. SHOULD YOU HAVE QUESTIONS, OUR OFFICE IS OPEN 8 A.M. THROUGH 5 P.M. MONDAY THROUGH FRIDAY, ALSO 24 HOUR EMERGENCY SERVICE - 351-3222.

YOUR WATER IS A VALUABLE COMMODITY. PLEASE USE IT WISELY. WATER CONSERVATION AWARENESS IS ENCOURAGED.  
 P.S.C. HOT LINE COMPLAINT NUMBER 1-800-772-4836



RATE SCHEDULE WATER & SEWER

**HARDIN COUNTY WATER DISTRICT NO. 1.  
MONTHLY WATER RATES**

**CITY OF RADCLIFF  
MONTHLY SEWER RATES**

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First 2,000 gallons or less \$4.76 (minimum)	First 2,000 gallons or less \$3.25 (min.)
Next 8,000 @ \$1.15 per thousand gallons	Next 8,000 gallons @ \$.875 per thousand
Next 15,000 @ \$ .95 per thousand gallons	Next 30,000 gallons @ \$.70 per thousand
Next 15,000 @ \$ .78 per thousand gallons	Over 40,000 gallons @ \$.65 per thousand
All over 40,000 @ \$ .65 per thousand gallons	

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**MULTI-FAMILY RATE** - The minimum bill to customers who serve three or more units of apartment buildings, mobile home parks, trailer parks, or other multi-family premises shall be the residential monthly minimum (\$4.76) times the number of units available per customer. The monthly minimum shall entitle the customer to not less than 2,000 gallons of water, times the number of units available per month. The balance of the monthly usage shall be at the general customers' rates set out above.

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The above charges do not contain the 3% school-tax on water. The above charges do not contain the 5% state sales tax on business or commercial customers. Sewer charges are based on water consumption.

*ATTACHMENT E*