

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CONTRACT FILING OF CHRISTIAN COUNTY)
WATER DISTRICT TO PURCHASE WATER) CASE NO. 2006-00068
FROM BARKLEY LAKE WATER DISTRICT)

ORDER

On November 10, 2005, Christian County Water District ("Christian District"), on behalf of Barkley Lake Water District ("Barkley Lake District"), submitted a special contract for Barkley Lake District's provision of wholesale water service to Christian District.

Having reviewed the proposed contract, we find that further proceedings are necessary to determine the reasonableness of the contract's provisions. We further find that, as Barkley Lake District has not provided the notice that KRS 278.180(1) requires or submitted tariff sheets stating a valid effective date as Administrative Regulation 807 KAR 5:011, Section 6, requires, no action is necessary to suspend or postpone the proposed contract's operation. The proposed contract will not become effective until the Commission expressly grants its approval or a period of 10 months elapses from the proposed contract's filing. KRS 278.190(2) and (3).

The Commission further finds that Christian District, as a party to the proposed contract, has a significant interest in this proceeding and its presence in this proceeding will likely lead to presentation of issues or development of facts that will assist the

Commission in fully considering the matter without unduly complicating or disrupting this proceeding. It, therefore, should be made a party to this proceeding.

IT IS THEREFORE ORDERED that:

1. This proceeding is established to investigate the reasonableness of the proposed contract between Barkley Lake District and Christian District.

2. Christian District is granted full intervention status in this proceeding.

3. All documents that the Commission requires to be filed with the Commission shall be served upon all other parties.

4. Service of any document or pleading shall be made in accordance with Administrative Regulation 807 KAR 5:001, Section 3(7), and Kentucky Civil Rule 5.02.

5. Within 20 days of the date of this Order, Barkley Lake District shall file with the Commission the original and 5 copies of the information listed in Appendix A to this Order.

6. Within 20 days of the date of this Order, Christian District shall file with the Commission the original and 5 copies of the information listed in Appendix B to this Order.

7. When complying with the provisions of Ordering Paragraphs 5 or 6, Barkley Lake District and Christian District shall:

a. Place each copy of the requested information in a bound volume with each item tabbed.

b. Appropriately index each sheet if multiple sheets are required for an item (for example, Item 1(a), Sheet 2 of 6).

c. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided.

Done at Frankfort, Kentucky, this 24th day of February, 2006.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00068 February 24, 2006

1. Provide a copy of the minutes of each meeting of Barkley Lake District's Board of Commissioners in which the proposed contract was discussed.
2. Describe how Barkley Lake District determined that the proposed contract rate of \$1.65 per 1,000 gallons is reasonable.
3. Identify the person(s) who developed the \$1.65 per 1,000 gallons rate for Barkley Lake District.
4. Identify the person(s) who negotiated the proposed contract on Barkley Lake District's behalf.
5. State Barkley Lake District's current average cost to produce 1,000 gallons of potable water for sale (excluding the cost of transmission). Show all calculations and state all assumptions to derive this average cost.
6. State the distance from Barkley Lake District's water treatment plant to the proposed contract's point of delivery and size(s) and length of water main that will transport the water from Barkley Lake District's water treatment plant to the proposed contract's point of delivery.
7. State Barkley Lake District's current average cost to transport 1,000 gallons of potable water for sale from Barkley Lake District's water treatment plant to the proposed contract's point of delivery. Show all calculations and state all assumptions to derive this average cost.
8. State the current capacity of Barkley Lake District's water treatment plant.

9. State the maximum daily consumption at Barkley Lake District and the date on which this level of consumption was achieved.

10. State, for each calendar year beginning with 2000, Barkley Lake District's average daily consumption and maximum daily consumption.

11. Provide a copy of all correspondence, electronic mail, notes, and other documents between Barkley Lake District and Christian District in which Barkley Lake District's provision of wholesale water service to Christian District is discussed.

12. State whether any of Barkley Lake District's creditors must approve the proposed agreement. If a creditor's approval is required, identify the creditor(s) and state whether such approval has been obtained.

13. State the number of summer seasonal customers that Barkley Lake currently has.

14. State whether any restrictions have been placed upon when Christian District can make purchases of water from Barkley Lake District.

15. Explain how the purchases under the proposed contract will allow Barkley Lake District to avoid "excessive, costly flushing of its facilities."

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00068 February 24, 2006

1. Provide a copy of the minutes of each meeting of Christian District's Board of Commissioners in which the proposed contract was discussed.
2. Identify the person(s) who negotiated the proposed contract on Christian District's behalf.
3. State why Christian District requires an additional supply of treated water.
4. State Christian District's estimated demand from Barkley Lake District for the next five calendar years.
5. State whether any restrictions have been placed upon when Christian District can make purchases of water from Barkley Lake District.
6. Provide a copy of all correspondence, electronic mail, notes, and other documents between Barkley Lake District and Christian District in which Barkley Lake District's provision of wholesale water service to Christian District is discussed.
7. Provide all internal memoranda, correspondence, and other documents in which Barkley Lake District's provision of wholesale water service to Christian District is discussed.