

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE ADEQUACY OF)
THE WATER SUPPLY OF MAGOFFIN COUNTY) CASE NO. 2008-00443
WATER DISTRICT)

COMMISSION STAFF'S SECOND INFORMATION REQUEST
TO MAGOFFIN COUNTY WATER DISTRICT

Pursuant to 807 KAR 5:001, Magoffin County Water District ("Magoffin District") is to file the original and six copies of the following information with the Commission no later than June 25, 2010, with a copy to all parties of record. Responses to requests for information shall be appropriately bound, tabbed and indexed and shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Magoffin District shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Magoffin District fails or refuses to furnish all or part of the requested information,

Magoffin District shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. On March 26, 2010, Salyersville Water and Sewer (“Salyersville”) and Magoffin District entered a “Consent and Release Agreement” that permits Magoffin District to purchase water from Prestonsburg City Utilities (“Prestonsburg”) on an emergency basis.

a. State why Magoffin District is of the opinion that the agreement was necessary.

b. State whether Magoffin District has obtained similar consent from Salyersville for:

(1) “Emergency Water Purchase Agreement between Paintsville Utilities Commission and Magoffin County Water District,” which was entered March 29, 2010; and

(2) “Agreement Between Morgan County Water District and Magoffin Co. Water District,” which was entered April 5, 2010.

c. For each agreement listed in Item 1(b) for which Magoffin District failed to obtain Salyersville’s consent, state why Salyersville’s consent was not obtained or provided.

d. State whether, in Magoffin District's opinion, the lack of Salyersville's consent to the agreements listed in Item 1(b) raises any concerns about the lawfulness of those agreements.

2. Refer to the "Emergency Water Supply Agreement" that Magoffin District and Prestonsburg entered on March 26, 2010.

a. Identify the party who is responsible for constructing and maintaining the delivery point at Highway 114.

b. Describe the current status of the delivery point at Highway 114. If not completed, state the expected date of completion.

c. State the cost of constructing and installing the metering equipment and housing for the delivery point at Highway 114.

d. Describe the type of metering equipment that will be installed for the delivery point at Highway 114.

e. Describe how Magoffin District will finance the cost of constructing and installing the metering equipment and housing for the delivery point at Highway 114.

f. List and describe the areas within Magoffin District's territory that can be served with water purchased through this delivery point.

g. Assuming that Magoffin District purchases the maximum quantity permitted under the "Emergency Water Supply Agreement" and Magoffin District customers consume their average daily consumption, state the number of Magoffin District customers that would be served through the delivery point at Highway 114 on a daily basis and state this number as a percentage of Magoffin District's total customers.

h. Describe the notice requirements, if any, that Magoffin District must provide to Prestonsburg before taking water through the delivery point at Highway 114. This description should include the form of the notice, the person(s) to whom notice must be given, and the amount of time that must elapse between providing notice and beginning to withdraw water through the delivery point.

i. Provide Exhibit A to the "Emergency Water Supply Agreement."

j. State whether the service provided through the delivery point at Highway 114 will require booster pump service.

k. Describe the changes that must be made in the operation of Magoffin District's distribution system when Magoffin District purchases water through the delivery point at Highway 114.

l. State the expected level of chlorination of water at the delivery point at Highway 114.

m. State whether Magoffin District expects to add chlorination treatment to water received through the delivery point at Highway 114.

n. Explain how, in light of the Kentucky Supreme Court's decision in *Simpson County Water District v. City of Franklin*, 872 S.W.2d 460 (Ky. 1994), the rates and service terms of the "Emergency Water Supply Agreement" are not subject to Commission jurisdiction.

o. Identify the party to the "Emergency Water Supply Agreement" that requested the inclusion of paragraph 18.

p. Identify the party to the "Emergency Water Supply Agreement" that requested the inclusion of paragraph 21.

q. Explain why the inclusion of paragraph 21 is reasonable and necessary to the provision of water during an emergency.

r. State the maximum treatment capacity of Prestonsburg's water treatment facilities and its current maximum daily consumption.

s. State the maximum daily amount of water that can be delivered to Magoffin District through the point of delivery on Highway 114.

3. Provide the minutes of each meeting of Magoffin District's Board of Commissioners in which the "Emergency Water Supply Agreement" between Magoffin District and Prestonsburg was discussed.

4. Provide all correspondence, electronic mail messages, and other documents between Magoffin District and Prestonsburg in which the proposed "Emergency Water Supply Agreement" was discussed.

5. Refer to the "Emergency Water Purchase Agreement between Paintsville Utilities Commission and Magoffin County Water District."

a. List and describe the areas within Magoffin District's territory that can be served with water purchased through this delivery point.

b. State the maximum amount of water than can be taken through the delivery point under the operating conditions that exist as of June 1, 2010.

c. State whether the parties to the Emergency Water Purchase Agreement expect any changes to operating conditions that exist as of June 1, 2010 that would allow for additional water to be taken through the delivery point. If yes, describe the expected changes in operating conditions, state the expected date of the

change, and describe how the change will affect the amount of water that Magoffin District could take through the delivery point.

d. Describe how the completion of Paintsville Utilities Commission's ("Paintsville") proposed water treatment plant will affect the quantity of water that Magoffin District may purchase under the Emergency Water Purchase Agreement.

e. In testimony provided during this proceeding, Magoffin District officials testified that Magoffin District intended to use the 8-inch water transmission main that is connected to the proposed delivery point solely for emergency purposes. State whether Magoffin District's intentions with regard to this transmission main have changed as a result of its Emergency Water Purchase Agreement with Paintsville. If Magoffin District's intentions have changed, describe how they have changed.

f. Describe the changes that must be made in the operation of Magoffin District's distribution system when Magoffin District purchases water through the delivery point for this contract.

g. State the cost of the 4-inch Omni meter that will be used at the delivery point.

h. State how the cost of the 4-inch Omni meter will be financed.

i. State whether Magoffin District has purchased the 4-inch Omni meter.

j. State whether Magoffin District has already installed the 4-inch Omni meter. If yes, state when.

k. Assuming that an emergency exists, that Paintsville agrees to the existence of such emergency, and that it has adequate water to supply, state the length

of time necessary for Magoffin District to declare an emergency, notify Paintsville, and ready its facilities to take water under the terms of the Emergency Water Purchase Agreement.

l. Assuming that Magoffin District purchases the maximum quantity permitted under the "Emergency Water Purchase Agreement" and Magoffin District customers consume their average daily amount, state the number of Magoffin District customers that would be served through the delivery point with Paintsville on a daily basis and state this number as a percentage of Magoffin District's total customers.

m. Describe the notice requirements, if any, that Magoffin District must provide to Paintsville before taking water through the delivery point. This description should include the form of the notice, the person(s) to whom notice must be given, and the amount of time that must elapse between providing notice and beginning to withdraw water through the delivery point.

6. Provide the minutes of each meeting of Magoffin District's Board of Commissioners in which the "Emergency Water Purchase Agreement between Paintsville Utilities Commission and Magoffin County Water District" was discussed.

7. Provide all correspondence, electronic mail messages, and other documents between Magoffin County Water District and Paintsville in which the proposed "Emergency Water Purchase Agreement" was discussed.

8. Refer to the "Agreement Between Morgan County Water District and Magoffin Co. Water District."

a. Identify the location of the delivery point(s) under the Agreement.

b. Identify the party that will be responsible for the cost of constructing and installing the meter and meter housing.

c. Identify the party that will be responsible for maintaining and testing the meter(s).

d. State whether the parties construe the agreement as limiting Magoffin District's right to withdraw water to 40,000 gallons of water daily.

e. State the conditions under which Magoffin District may request that the meter be tested or calibrated.

f. Identify the areas of Magoffin District's territory that can be served through the Morgan County Water District ("Morgan District") delivery point and, assuming that each Magoffin District customer consumes his or her average daily amount of water, state the total number of customers that could be served.

g. Describe the notice requirements, if any, that Magoffin District must provide to Morgan District before taking water through the delivery point. This description should include the form of the notice, the person(s) to whom notice must be given, and the amount of time that must elapse between providing notice and beginning to withdraw water through the delivery point.

h. Describe the changes that must be made in the operation of Magoffin District's distribution system when Magoffin District purchases water through the delivery point for this contract.

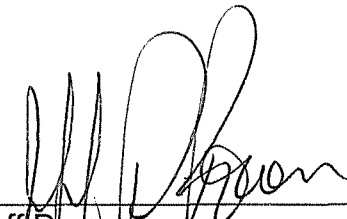
i. Describe how Magoffin District will finance the cost of constructing and installing the facilities described in 8(h). Provide the minutes of each meeting of

Magoffin District's Board of Commissioners in which the "Agreement Between Morgan County Water District and Magoffin Co. Water District" was discussed.

j. Provide all correspondence, electronic mail messages, and other documents between Magoffin District and Morgan District in which the proposed Agreement was discussed.

9. Define "sufficient quantities of water to meet the needs of Magoffin County."

10. Assuming that Magoffin District lacks sufficient quantities of water to meet the needs of Magoffin County, describe how Magoffin District will select a supplier from whom to purchase water on an emergency basis. Provide a ranking of the available suppliers in order of "most likely to purchase from" to "least likely to purchase from" and explain the basis for this ranking.



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