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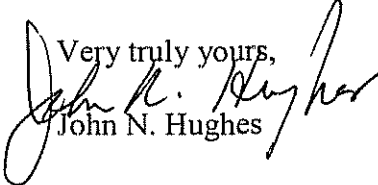
Stephanie Stumbo  
Executive Director  
Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40601

Re: Case No. 2005-00148

Dear Ms. Stumbo:

Pursuant to the Commission's Order in Case No. 2005-00148 dated July 18, 2008, Northern Kentucky Water District submits its written plan to eliminate meters located inside buildings or other structures.

If additional information is needed, please contact me. A copy of this letter has been delivered to the Attorney General.

Very truly yours,  
  
John N. Hughes

Attachment

## **Northern Kentucky Water District's Written Plan for the Gradual Elimination of Service Connections that Require the Placement of Meters in Structures**

The Northern Kentucky Water District's (NKWD) written plan for the gradual elimination of service connections that require the placement of meters in structures (meter move-outs) is based upon the Kentucky Public Service Commission's (Commission) Order for Case No. 2005-00148 dated July 18<sup>th</sup>, 2008. In this Order the Commission directed that: "No later than October 31, 2008, NKWD shall file with the Commission a written plan for the gradual elimination of service connections that presently require the placement of a registering meter inside a building or other structure."

NKWD's proposed plan seeks to take advantage of coordination opportunities offered through its main replacement program. This program is projected to include an average of 100 meter move-outs annually as service lines are replaced with the water main replacement project. Additionally, over the past five years, NKWD has averaged 350 meter move-outs annually with its own crews through routine work orders. These work orders are typically initiated by our customer service department because the curb stop valve located near the right-of-way is inoperable or the service line is in need of replacement due to low pressure concerns or leaks. A significant portion of the labor for moving a meter setting outside involves excavating and replacing a curb stop valve. NKWD has determined that moving inside meters to outside settings can be accomplished most efficiently when the curb stop needs to be replaced.

NKWD estimated at the end of 2006 that approximately 14,000 residential or commercial structures had the water meter located inside the structure. That number is currently estimated to be approximately 13,300. NKWD's proposed plan is to move an average of 450 inside meters to outside meter settings annually. This gradual elimination of meters that are located inside buildings will move all meters to outside settings over the next 30 years. NKWD evaluated a 5 year, 10 year and 20 year elimination period, but the 30 year period provides for the gradual elimination of inside settings and takes full advantage of the coordination opportunities afforded by the NKWD water main replacement program and the labor efficiencies available at the time the curb stop is excavated for maintenance.

NKWD's current staffing levels are projected to accommodate the move out of approximately 450 meters to outside settings annually on an ongoing basis, which includes approximately 100 meter move-outs through main replacement projects. Therefore, that is the baseline utilized for the 30 year proposed elimination period. For estimating purposes, NKWD secured two quotes from contractors to estimate the approximate cost to move inside meters to outside settings. The lowest estimate utilizing prevailing rates and assuming half of the meter settings will be moved into concrete and half to an unpaved area is approximately \$700 including materials. The table below summarizes the cost to for a 5 year, 10 year, 20 year and 30 year elimination period.

Inside Meter Elimination Period	Annual NKWD Baseline Moveouts	Total Program NKWD Baseline Moveouts	Contractor Cost Per Moveout	Annual Contractor Moveouts	Additional Annual Contractor Cost
5 yrs	450	2,250	\$700	\$2,210	\$1,547,000
10 yrs	450	4,500	\$700	\$880	\$616,000
20 yrs	450	9,000	\$700	\$215	\$150,500
30 yrs	450	13,500	\$700	\$0	\$0

Because NKWD's current depreciation and replacement reserve funds are committed to essential main line repairs and upgrades, any funds transferred from those accounts to fund or supplement the meter move out program would seriously impact those programs.

Finally, NKWD will as a general policy will prohibit meter placement inside buildings. However, because of the urban setting of many customers, particularly commercial customers, if no other option is available to serve the customer, a meter may be allowed in the customer's building by special contract, which specifies the terms of service and responsibilities of the District and the customer subject to the approval of the Commission.