

Case No. 2006-00114

KENTUCKY PUBLIC SERVICE COMMISSION

RECEIVED

MAR 13 2006

PUBLIC SERVICE
COMMISSION

Water Storage Requirement Deviation Request Application

807 KAR 5:066, Section 4(4): Storage. *The minimum storage capacity for systems shall be equal to the average daily consumption.*

This form is intended to assist water utilities seeking a deviation from the requirements of 807 KAR 5:066, Section 4(4) and for permission to either maintain less water storage capacity than the average daily consumption or to obtain additional time to attain minimum storage capacity equal to the average daily consumption.

To request a deviation from the requirements of 807 KAR 5:066, Section 4(4), please complete the following application in full.

Utility: Marion County Water District

Address: 1835 Campbellsville Road, P. O. Box 528

City: Lebanon State: KY

Zip Code: 40033

Telephone Number: (270) 692-2004

Number of Customers: 5,300

County or Counties served: Marion

Portion of Nelson County

Are you requesting a deviation:

To maintain less water storage capacity than the average daily consumption?

For additional time to attain minimum storage capacity equal to the average daily consumption?

I. Contact Information

Please provide information for the person to whom correspondence or communications concerning this application should be directed:

Name: Jimmy Mudd

Title: Manager

Address: P. O. Box 528

City: Lebanon

State: KY

Zip Code: 40033

Telephone Number: (270) 692-2004

II. Filing Requirements

Please submit an original and seven (7) copies of the completed application to:

Kentucky Public Service Commission

Executive Director's Office

211 Sower Boulevard

Frankfort, Kentucky 40602

Telephone: (502) 564-3940

All correspondence and responses to supplemental information requests should be sent to the above address as well.

Copies of this form may be obtained by visiting the Kentucky Public Service Commission website at <http://psc.ky.gov> and clicking on the Forms bullet in the Quick Reference, or by contacting George Wakim, Branch Manager, Water & Sewer Branch, at (502) 564-3940.

III. Questionnaire:

Please answer all questions completely, attach additional sheets as necessary.

1. Provide the average daily water consumption. This should include all water sold, utility water usage, and unaccounted-for-water. following information:

Average Daily Consumption: 1,267,526 gallons (2005)

2. Please provide the following information:

Total number of water storage tanks in the system: Seven (7)

<u>Type of Storage Tank</u>	<u>Capacity</u>
St. Charles (elevated)	75,000 gallons
Loretto (elevated)	250,000 gallons
Riley (standpipe)	218,000 gallons
Bradfordsville (standpipe)	150,000 gallons
Holy Cross (standpipe)	100,000 gallons
Gap Knob (standpipe)	250,000 gallons
St. Rose Rd. (elevated)	100,000 gallons

3. Please provide a list of all large customers purchasing more than five (5) percent of the utility's average daily consumption. Also indicate which, if any, of these customers can sustain an interruption during emergencies.

<u>Customer</u>	<u>Daily Usage</u>	<u>Storage Facility</u>	<u>Capacity</u>	<u>Interruption</u>
Marion Adjustment Center	64,988	() Yes (x) No		(x) Yes () No
Makers Mark Distillery	88,369	(x) Yes () No	50,000	(x) Yes () No
		() Yes () No		() Yes () No
		() Yes () No		() Yes () No
		() Yes () No		() Yes () No
		() Yes () No		() Yes () No

4. Please provide a list of all critical healthcare facilities served by the system.

<u>Facility</u>	<u>Daily Usage</u>	<u>Storage Facility</u>	<u>Capacity</u>
Loretto Motherhouse	21,186	() Yes (x) No	
St. Francis Nursing Home	1,163	() Yes (x) No	
		() Yes () No	
		() Yes () No	
		() Yes () No	
		() Yes () No	

5. Please provide the following information:

Does the utility:

Produce water? () Yes (x) No Purchase water? (x) Yes () No

If the utility purchases water, please provide the following information:

<u>Supplier</u>	<u>Average Amount Purchased</u>
Lebanon Water Works	459,290,430 (annually)
Campbellsville Water Company	3,356,700 (annually)

6. If a supplier has storage capacity or reserves storage capacity for the benefit of your utility, please provide the following information:

<u>Supplier</u>	<u>Capacity</u>	<u>Proximity to Master Meter</u>
Lebanon Water Works	1,500,000 gals. per day	All within one mile
Campbellsville Water Co.	166,000 gals. per day	All within two miles

7. Will your supplier issue your utility a letter of this additional storage capacity specifying whether they can sustain any of your system's interruptions to ensure you adequate continuity of service? Yes () No

If yes, provide a copy of the agreement or letter. **User's Contract enclosed.**

8. Please provide a technical summary of operational deficiencies of the system that are known from experience or that are indicated by hydraulic analysis. This should include a list of outages that occurred in past years, their location, the cause and duration of any outages, customer complaints, areas of low pressure, and the availability of standby equipment, repair equipment, and contractors.

Two areas with low pressure problems are McElroy Pike and Highway 49 North. These problem areas will be resolved in 2006 with larger line sizes. These areas are supplied with booster pumps that have standby pumps.

9. Please provide information on the growth potential for the system. This should include the number of new customers added per year and the possibility of extensive development (i.e. new subdivisions, businesses, etc.)

Projective growth is expected to remain about the same as in past years, consisting of 80 – 100 residential customers per year. No businesses or commercial properties have committed at this time.

10. Please describe any planning, to date, to bring the system into compliance with Commission regulations. This should include efforts to secure financing for the construction of additional storage facilities, as well as the estimated compliance date. If no planning has taken place, please explain why.

Preliminary engineering has been completed on a 200,000 gallon storage tank on Highway 49 South in the District's system. Funding has been applied for through the Community Economic Growth Grant Program and the 2006 General Assembly. Construction will begin as soon as funds are available.

IV. Signature:

I have read and completed this application, and to the best of my knowledge, all the information contained herein is true and correct.

Signed: Jenny Mudd

Title: Manager

Date: March 10, 2006

ADDENDUM TO WATER PURCHASE AGREEMENT

THIS ADDENDUM, made and entered into this 17th day of Nov., 2003, by and between, **LEBANON WATER WORKS COMPANY, INC.**, herein after referred to as the "Company"; and the **MARION COUNTY WATER DISTRICT**, hereinafter referred to as the "District";

WITNESSETH:

THAT WHEREAS, the parties hereto have, by written agreement with an effective date of December 23, 1988, entered into an understanding pursuant to which the Company contracts and is obligated to furnish to the District certain quantities of treated water for which the District is obligated to pay in accordance with the Company's prevailing rate schedule, and which treated water the District will then, in turn, make available for sale to its customers throughout Marion County, Kentucky, and

WHEREAS, that original water purchase agreement has, from time to time, been amended so as to extend the effective term thereof, and to modify the original provisions regarding the quantity of water to be provided by the Company to the District, with the most recent of those modifications having been made by way of Addendum dated March 13, 1995 and approved by the Public Service Commission of Kentucky on or about April 21, 1996, and

WHEREAS, under that aforesaid addendum, the "Guaranteed Amount" as that is defined under numerical paragraph 3 OF the December 23, 1988 agreement was increased to 1,140,000 gallons per day, and

WHEREAS, the District has expanded its service area to the extent that its actual purchase of water will, from time to time, exceed the "Guaranteed Amount"

provided for under that March 13, 1995 Addendum, and

WHEREAS the parties are thus desirous of further modifying their contractual relationship so as to reflect the current operations undertaken by each of them,

NOW, THEREFORE, in consideration of the premises, including the original covenants, privileges, and conditions set forth in the original December 23, 1988 Agreement entered into between these parties, and in further consideration of the continuing and enhanced performance of that Agreement on the part of each of the parties, it is understood and agreed that the said December 23, 1988 Agreement, as that has been previously modified, shall once again hereby be modified further, BUT only to the following extent:

1. Numerical Paragraph 3 of the December 23, 1988 Agreement, as amended by the March 13, 1995 Addendum thereto, provides, under the heading "Quantity of Water", for what is designated as a "Guaranteed Amount" of 1,140,000 gallons per day. That "Guaranteed Amount" shall now be modified and increased to 1,500,000 gallons per day.

2. Numerical paragraph 14 of the December 23, 1988 Agreement provides for a "Usage Ceiling" which is 30% greater than the "Guaranteed Amount". Accordingly, the "Usage Ceiling" under that numerical paragraph shall now be modified and increased to 1,950,000 gallons per day. The parties do recognize and agree, however, that, as the "Guaranteed Amount" may hereafter be modified and increased, it will be necessary to reconsider, and perhaps modify, the 30% multiplier by means of which the District's "Usage Ceiling" has traditionally been calculated.

3. It is understood and agreed between the parties hereto that this Addendum, as with other contractual agreements entered into between these parties, is made

subject to the approval of the Public Service Commission of the Commonwealth of Kentucky. Accordingly, it is understood that this Addendum shall become effective only upon approval thereof by the Public Service Commission.

4. Except to the extent that this and previous Addenda modify the December 23, 1988 written Agreement entered into between these parties, that Agreement is hereby ratified and shall remain in full force and effect throughout the effective term thereof.

IN WITNESS WHEREOF, the parties hereunto, acting under the authority of their respective governing bodies, have caused this Addendum to be executed in counterparts, each of which will constitute originals, this the day and year first hereinabove written.

LEBANON WATER WORKS COMPANY, INC.

BY Joe W. Green
Joseph W. Green, President

ATTEST:

William P. Thompson
William P. Thompson, Secretary

MARION COUNTY WATER DISTRICT

BY Barbara R May
Chairman

ATTEST:

Everett Thomas
Secretary

Prepared By:

SPRAGENS, SMITH & HIGDON, P.S.C.
Attorneys at Law
15 Court Square - P. O. Box 681
Lebanon, Kentucky 40033
Telephone: (502) 692-3141

By


ROBERT SPRAGENS, JR.

RECEIVED

DEC - 4 1998

PUBLIC SERVICE
COMMISSION

WATER PURCHASE AGREEMENT

THIS WATER PURCHASE AGREEMENT, is made and entered into as of January 2, 1999, by and between the Campbellsville Municipal Water and Sewer Systems, hereinafter referred to as the "COMPANY"; and the MARION COUNTY WATER DISTRICT, hereinafter referred to as the "DISTRICT".

WITNESSETH:

The parties hereby enter into a written Agreement whereby the COMPANY furnishes to the DISTRICT certain quantities of treated water which the DISTRICT then, in turn, makes available for sale to its customers.

NOW, THEREFORE, in consideration of the mutual terms and conditions hereinafter set forth, the parties do hereby agree as follows:

1. TERM:

That the term of the Agreement shall extend for a period of forty (40) years from and after the effective date, which is 1-2-99, unless otherwise extended or modified by written agreement between the parties.

2. QUALITY OF WATER:

The COMPANY shall furnish the DISTRICT at the points of delivery hereinafter specified, during the terms of this Agreement or any renewal or extension thereof,

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JAN 02 1999

PURSUANT TO 807 KAR 0011,
SECTION 9 (1)

BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

potable, treated water meeting applicable purity standards of all appropriate state and federal regulatory agencies. The water shall also be of this same type and quality furnished to the COMPANY'S other water customers.

3. QUANTITY OF WATER:

The COMPANY shall furnish to the DISTRICT such quantities of water as the DISTRICT may require in order to provide to its customers, not to exceed, however 5,000,000 gallons per month. This amount shall be designated the "Guaranteed Amount". If and when the future needs of the DISTRICT exceed this Guaranteed Amount, then the COMPANY also agrees to supply that Excess Demand ("Excess Demand"), to the extent water is available and it is able to do so. The DISTRICT shall pay a minimum bill of \$54.00 (fifty-four dollars) and include 0 gallons. The minimum bill will be based on size and number of meters.

Under no circumstances shall the DISTRICT increase its rate of use; such that, the COMPANY'S service to its' customer is below applicable state and federal regulations.

4. DELIVERY POINTS:

There are presently three (3) points of delivery:

- (1) Big Johns (Hwy 208)

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JAN 02 1999

PURSUANT TO 807 KAR 0011,
SECTION 9 (1)

BY: Stephan O Bell
SECRETARY OF THE COMMISSION

- (2) St. Matthews Cemetery Road (Junction of Finley Ridge and St. Matthews Cemetery Road)
- (3) Hwy 527 on Scotts Ridge (Marion and Taylor County Line)

The COMPANY shall not be held responsible for emergency failure of pressures and flow at any point of delivery due to main leaks, power failures, flood, fire and use of water to fight fire, an act of God, or other causes beyond the control of the COMPANY.

5. MASTER METER TESTING

The COMPANY shall furnish, operate and maintain at its own expense at each existing 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 DISTRICT at each location, and to calibrate such meter equipment, whenever requested by the DISTRICT, but not more frequently than one every twelve (12) months.

If additional metering points are requested by the DISTRICT then, that cost of installing the master meter vault and equipment will be born by the DISTRICT.

The COMPANY will operate and maintain at its own expense each additional metering point thereafter.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JAN 02 1999

PURSUANT TO 807 KAR 5:011.
SECTION 9 (1)

BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

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 six (6) months previous to said test in accordance with the percentage of inaccuracy found by such test. 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 the COMPANY and the DISTRICT shall agree upon a different amount.

6. BACKFLOW AND CROSS CONNECTION:

That the DISTRICT will install at its' own expense an approved backflow assembly. Backflow devices must be tested annually and a copy of the test results submitted to Campbellsville Municipal Water and Sewer System. However, if the DISTRICT has a cross connection program and is enforcing the said program, then the DISTRICT can furnish a copy of the cross connection accordance to Campbellsville Municipal Water and Sewer System in lieu of installing backflow devices.

7. BILLING PROCEDURE:

The meter equipment shall be read by the COMPANY on or about the 18 day of each month. The COMPANY shall furnish the Treasurer of the DISTRICT at Lebanon, Kentucky not later than the 22 day of each month with an itemized statement of the cost and amount of water furnished to the

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
JAN 02 1999
PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)
BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

DISTRICT during the preceding month. The DISTRICT shall pay those charges to the COMPANY, not later than the 30 day of each month. The bill shall be calculated according to the COMPANY'S prevailing wholesale rate schedule, which is \$1.56 per 1,000 gallons. It is understood and agreed by the parties that the COMPANY'S obligation to furnish treated water to the DISTRICT is contingent upon the DISTRICT'S timely payment of those monthly charges calculated under the prevailing wholesale rate schedule. In the event of a dispute over those sums due to the COMPANY by the DISTRICT, then the DISTRICT will continue to pay on a monthly basis in accordance with the COMPANY'S monthly billing statement until such time as resolution of such dispute provides otherwise.

8. RATE MODIFICATION:

It is understood and agreed that the COMPANY may hereafter modify its rate schedule by increasing or decreasing the rates charged its customers, including the wholesale rate to the DISTRICT may be subject to adjustment on an annual basis. Such rate modification shall be reasonably related to any demonstrated changes in the COMPANY'S cost of operation of its business, and any rate change shall be made with the approval of the governing legislative body of the City of Campbellsville. Any increase in cost of operation may include increases in capitalization of the COMPANY'S system if such increased capitalization is

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JAN 02 1999

PURSUANT TO 807 KAR 0011,
SECTION 9 (1)

BY: Stephan Bell
SECRETARY OF THE COMMISSION

necessary to permit the COMPANY to carry out its service obligations within its service area.

9. ADVANCE NOTICE:

The COMPANY shall give the DISTRICT written notice at least thirty (30) days before making application to the governing body of the City of Campbellsville of its intent to apply for rate modification.

10. COOPERATION:

The regulations and limitations which the COMPANY may impose upon other regular customers with respect to the use of its water will be applicable to the DISTRICT, and the DISTRICT will cooperate with the COMPANY in the enforcement of same. In addition, the DISTRICT will use all reasonable efforts to cooperate with the COMPANY during water shortage situations.

11. RATES FOR WHOLESALE METERS FOR WATER DISTRICTS

UNDER CONTRACT

2"	\$18.00
4"	\$30.00
6"	\$42.00
8"	\$62.00
10"	\$85.00

IN WITNESS WHEREOF, the parties hereto, acting under the authority of their respective governing bodies, have caused this Agreement to be duly executed.

PUBLIC SERVICE COMMISSION
OF KENTUCKY

JAN 02 1999

PURSUANT TO 807 KAR 001.1
SECTION 9 (1)

BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

DATE: _____

Campbellsville Municipal Water
And Sewer Systems

ATTEST:

Richard Jeter

Secretary

by: Edna Pad

DATE: 12.3.98

Marion County Water District

ATTEST:

J.B. Peterson

J.B. Peterson

Secretary Treasurer

by: Barbara R. May

Barbara May

Madam Chairman

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JAN 02 1999

PURSUANT TO SUT 1987 0011,
SECTION 9 (1)

BY: Stephan D. Bell
SECRETARY OF THE COMMISSION



FROM
MADISON COUNTY WATER DISTRICT
P O BOX 528
LEBANON KY 40033

TO
JOE GREENWELL
PUBLIC SERVICE COMMISSION
EXECUTIVE DIRECTOR'S OFFICE
P O BOX 615
FRANKFORT KY 40602-0615

RECEIVED
MAR 13 2008
PUBLIC SERVICE
COMMISSION

U.S. POSTAGE
PAID
LEBANON, KY
40033
PERMIT NO. 1175-03
0000
\$4.20
AMOUNT
LEBANON, KY
40033
03052