



STOLL · KEENON · OGDEN  
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RECEIVED

MAY 15 2006

PUBLIC SERVICE  
COMMISSION

May 11, 2006

Ms. Beth O'Donnell  
Executive Director,  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

**Re: PSC Case No. 2006-00142**

Dear Ms. O'Donnell:

Enclosed please find an original and eight (8) copies of the Response of Peaks Mill Water District to Commission Staff's First Data Request. Please file stamp the extra copy and return it to me in the enclosed, postage-paid envelope.

Your assistance in this matter is greatly appreciated.

Sincerely yours,

Deborah T. Eversole

Counsel to Peaks Mill Water District

Enclosures

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAY 15 2006

PUBLIC SERVICE  
COMMISSION

In the Matter of:

THE APPLICATION OF THE PEAKS MILL )  
WATER DISTRICT FOR (1) A CERTIFICATE )  
OF PUBLIC CONVENIENCE AND NECESSITY )  
TO CONSTRUCT THE PROPOSED )  
WATERWORKS IMPROVEMENT PROJECT; )  
(2) THE APPROVAL OF THE PROPOSED )  
PLAN TO FINANCE THE WATERWORKS )  
IMPROVEMENT PROJECT; AND (3) THE )  
APPROVAL OF THE PROPOSED INCREASE )  
IN RATES FOR WATER SERVICE )

CASE NO. 2006-00142

RESPONSE OF PEAKS MILL WATER DISTRICT  
TO COMMISSION STAFF'S FIRST DATA REQUEST

Peaks Mill Water District ("Peaks Mill"), by counsel, for its Response to Commission Staff's First Data Request, states as follows:

1. Refer to Exhibit 15 of the application filed on March 31, 2006. In the project description for Phase II, there is a list of several roads along which the 6-inch water mains are to be installed in Franklin County. Then there is a listing of Kay's Branch Road in Owen County. In relation to the Kay's Branch Road part of Phase II, answer the following:

a. Is Kay's Branch Road in Owen County, Kentucky?

**Response: Yes.**

b. How far do you intend to extend service along Kay's Branch Road in Owen County?

**Response: Pursuant to the certificate of public convenience and necessity requested in this docket, Peaks Mill will extend service approximately**

**3,000 feet along Kay's Branch Road. Peaks Mill intends ultimately to extend service along the entire length of Kay's Branch Road, as it is within the area in Owen County that was annexed and made part of Peaks Mill's territory, pursuant to KRS 74.115, by Order of Owen County Judge/Executive Billy O'Banion.**

c. How many customers do you anticipate providing service for in Owen County?

**Response: The current project for which a certificate of public convenience and necessity is requested will serve seven (7) customers in Peaks Mill's Owen County territory. Peaks Mill anticipates that it will ultimately provide service to approximately 37 customers within Peaks Mill's territory in Owen County.**

d. Will these customers' meters be set in Owen County? If no, where will they be set?

**Response: Yes.**

2. In Case No. 2005-00437,<sup>1</sup> in which Peaks Mill was Defendant, Peaks Mill denied service to the Complainant in an undated letter signed by Lowell W. Clark, Secretary of Peaks Mill. In that letter Peaks Mill stated as one of its reasons for denial of service that the Complainant's property was located outside of the district boundary. Assuming your response to 1(a) above is yes, explain why Peaks Mill now seeks to serve outside its district boundary.

**Response: In serving the subject portion of Owen County Peaks Mill will not serve outside its district boundary, as the territory in question was annexed to Peaks Mill on February 14, 2006. On November 28, 2005, two residents of Owen**

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<sup>1</sup> *Jeffrey Charles Quarles v. Peaks Mill Water District*, Case No. 2005-00437.

**County, Kentucky, petitioned Peaks Mill Water District in writing to annex a certain portion of Owen County for the purpose of providing water service to their currently unserved area. See Exhibit 1, attached hereto. The petition was submitted pursuant to KRS 74.115(1) which provides that “two (2) or more freeholders in a county or counties adjacent to a county containing a water district” may submit a petition requesting service to the area. The statute further provides that, after receiving a request from two freeholders, the water district may petition the county judge/executive of the adjoining county to add the area that is the subject of the freeholders’ petition to the water district’s territory. Peaks Mill submitted such a petition to Owen County Judge/Executive Billy O’Banion on December 5, 2005. See Exhibit 2 hereto. After publication of the proposal to annex the Owen County territory into Peaks Mill’s district and a hearing during which no objections were made, see Exhibits 3 [notice] and 4 [minutes of hearing], County Judge/Executive O’Banion entered an Order declaring certain territory in Owen County, which includes Kay’s Branch Road, to be annexed as territory of Peaks Mill. See Exhibit 5.**

3. Explain the criteria that Peaks Mill employs to determine if it should or should not serve customers outside its district boundary.

**Response: The area in Owen County to be served pursuant to the application in this case is within Peaks Mill’s boundary pursuant to Judge/Executive O’Banion’s Order of February 14, 2006. The decision to pursue annexation was based upon requests received at Peaks Mill Commission meetings from several citizens in the affected area. In addition, before Peaks Mill requested annexation or**

**began plans to construct lines to serve the area, Peaks Mill was notified that it will receive a KIA grant of \$893,000 that will enable it to serve the area. See Exhibit 6. Peaks Mill further notes that the Owen County project was approved by the Area Water Management Planning Council on February 9, 2004, as is demonstrated by the project profile submitted by the Northern Kentucky Area Development District. See Exhibit 7. The extension will connect two dead ends of Peaks Mill's line in Franklin County, thereby creating a loop that will improve system hydraulics for Peaks Mill's Franklin County customers. The extension is a reasonable, cost-effective one that will serve citizens whose cisterns are approximately 80% contaminated [Exhibit 7, at 5] and whose area is served by no other water utility.**

4. Who authorized Peaks Mill to serve customers in Owen County?

**Response: Owen County Judge/Executive O'Banion issued the Order authorizing Peaks Mill to serve customers in the area of Owen County for which a certificate of public convenience and necessity is requested in this docket. See Exhibit 5 hereto. There has been no blanket authorization given to Peaks Mill to serve all of Owen County.**

Respectfully Submitted,



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Deborah T. Eversole  
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400 West Market Street  
Louisville, Kentucky 40202  
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Facsimile: (502) 568-5700

Thomas A. Marshall  
P.O. Box 223  
212 Washington Street  
Frankfort, Kentucky 40602  
Telephone: (502) 223-4723  
Facsimile: (502) 223-0001

Counsel to Peaks Mill  
Water District

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing, with attached Exhibits, was sent, by U.S. Mail, postage prepaid, to David Edward Spenard, Assistant Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky, 40601-8204, this 11<sup>th</sup> day of May, 2006.

  
Deborah T. Eversole  
Deborah T. Eversole

# **EXHIBIT 1**

November 28, 2005

Board of Commissioners  
Peaks Mill Water District  
310 Perkins Road  
Frankfort, KY 40601

Dear Commissioners:

On behalf of the residents of Kays Branch and Cedar Creek Roads in Owen County, we ask the commissioners of Peaks Mill Water District to petition the Owen County fiscal Court for the award of territory to serve water. We further ask the District to serve water to all the residents of said roads.

Sincerely,

Bruce True  
1875 Cedar Creek Road  
Owenton, KY 40359-8604



Billy Ballinger  
765 Cedar Creek Road  
Owenton, KY 40359-8603





**EXHIBIT 2**

**PEAKS MILL WATER DISTRICT**

Wilbert Perkins,  
Chairman

310 Perkins Road  
Frankfort, Kentucky 40601

502) 227-5740

December 5, 2005

Billy O'Banion, Judge/Executive, Owen County  
Owen County Courthouse  
Owenton, KY

*Re: Petition to Provide Water Service to Certain Territory in Owen County*

Dear Judge O'Banion:

Please be advised that this is a petition, pursuant to KRS 74.115 and pursuant to resolution of the Board of Commissioners of Peaks Mill Water District ("Peaks Mill"), to serve certain territory in Owen County (the "Proposed Service Area"), as follows:

Beginning at a point in the Owen County/Franklin County line, said point being at the juncture with Scott County; thence in a northwesterly direction approximately 5.2 miles to a point, said point being 0.7 miles due north of the intersection of Cedar Creek and Indian Creek; thence continuing due west a distance of approximately 1.3 miles to a point in the center of Cedar Creek; thence continuing southwest to a point in the intersection of U.S. 127 and KY 368, a distance of approximately 0.4 miles; thence due south a distance of approximately 2.25 miles to a point in the boundary line between Owen and Franklin Counties; thence continuing east along said boundary line approximately 6.5 miles to the point of beginning.

Pursuant to KRS 74.115, two freeholders in the Proposed Service Area formally requested, by letter dated November 28, 2005 and attached hereto, that Peaks Mill extend its service area to include the Proposed Service Area. The Board of Commissioners has considered the request and has agreed to grant the request, contingent upon your order approving. It is the understanding of Peaks Mill's Board of Commissioners that no other water utility is available to offer service in the Proposed Service Area.

Accordingly, Peaks Mill hereby requests that your office publish notice as required by KRS 74.110(2), set the matter for hearing to receive objections and exceptions, if any and, if you determine that this petition is reasonably necessary, enter an order approving the addition of the Proposed Service Area to Peaks Mills' service territory pursuant to KRS 74.110(3).

If you have questions, please do not hesitate to contact me.

Sincerely yours,



Wilbert Perkins, Chairman

## **EXHIBIT 3**

NOTICE OF FILING OF PETITION TO ANNEX CERTAIN TERRITORY IN OWEN COUNTY

Notice is hereby given that a petition has been filed with the county judge/executive to annex certain territory for the purpose of serving water.

A hearing regarding the annexation of the Owen County territory will be held on Tuesday, Feb 14th, at Chowan, before the County Judge/Executive of Owen County in the Owen County Courthouse, Owen, KY.

The description of the boundary of the territory in Owen County to be annexed to the Water District is as follows:

All that land in Owen County, Kentucky, lying within the following described boundary:

Beginning at a point in the Owen County/Franklin County line, said point being at the juncture with Scott County; thence in a northwesterly direction approximately 5.2 miles to a point, said point being 0.7 miles due north of the intersection of Cedar Creek and Indian Creek; thence continuing due west a distance of approximately 1.3 miles to a point in the center of Cedar Creek; thence continuing southwest to a point in the intersection of U.S. 127 and KY 368, a distance of approximately 0.4 miles; thence due south a distance of approximately 2.25 miles to a point in the boundary line between Owen and Franklin Counties; thence continuing east along said boundary line approximately 6.5 miles to the point of beginning.

Within thirty (30) days after the first publication of this Notice, any resident of the Peaks Mill Water District, or of the above-described territories proposed to be annexed to the District, or any other party having any interest in the matter, may file with the County Judge/Executive any objections and exceptions to said petition, and such party may be heard at the time of the appropriate hearing set out above.

*[Handwritten Signature]*  
Billy O'Banion  
Owen County Judge/Executive  
Owen, KY

## **EXHIBIT 4**

Public Hearing for the Brack Mill Water  
petition, Saturday 14<sup>th</sup>, 2006, at 5:00 at  
the Owen County Courthouse.

Jeff Adams  
Cyrus Amundson  
Eric Smith  
Eddy Adams

Bill O'Brien, Judge  
Kerrie Turner, Dep. Judge

The hearing was called to order at 5:00  
by Judge O'Brien. Several comments  
were made, in opposition to project.

Hearing closed at 5:15.

## **EXHIBIT 5**

IN RE PEARS MILL WATER DISTRICT OF FRANKFORT, KENTUCKY

ORDER

Peaks Mill Water District having petitioned the Owen County Judge/Executive to annex certain territory in Owen County and notice (1) of the filing of the Petition, (2) of the right of residents of the area to file objections or exceptions, and (3) the setting of a hearing on said Petition at the office of the Judge/Executive in Owen County and 1/18/06 having been published in the NEWS-HERALD newspaper in their issues of 1/11/06 and 1/18/06 and (4) no objections having been filed and after inquiring into the matter and being advised as hereby ordered as follows:

1. The following territory is annexed and shall hereafter be a part of the territory of said District:

All that land in Owen County, Kentucky, lying within the following described boundary:

Beginning at a point in the Owen County-Franklin County line, said point being at the juncture with Scott County, hence in a northwesterly direction approximately 5.2 miles to a point, said point being 0.7 miles due north of the intersection of Cedar Creek and Indian Creek, hence continuing due west a distance of approximately 1.3 miles to a point in the center of Cedar Creek, hence continuing southwesterly to a point in the intersection of US 127 and KY 368, a distance of approximately 0.4 miles, hence due south a distance of approximately 2.25 miles to a point in the boundary line between Owen and Franklin Counties, hence continuing east along said boundary line approximately 0.5 miles to the point of beginning.

Signature  
Date  
2/14/06



## **EXHIBIT 6**

**KENTUCKY INFRASTRUCTURE AUTHORITY**

**Ernie Fletcher**  
Governor

Capital Center Complex  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky 40601  
(502) 573-0260  
(502) 573-0157  
kia.ky.gov

**Jody E. Hughes**  
Executive Director

May 18, 2005

Mr. Dale Gatewood, Water Manager  
Peaks Mill Water District  
310 Perkins Lane  
Frankfort, KY 40601

RE: Peaks Mill Water District - Water Line Extension  
Grant Award in the amount of \$893,000

Dear Mr. Gatewood:

Congratulations on the grant you received from Governor Ernie Fletcher and the General Assembly of the Commonwealth of Kentucky awarded during the 2005 Legislative Session. You are strongly encouraged to view these funds as "seed" money and to match these dollars with other funding sources in order to realize the maximum benefit from your grant award. The Kentucky Infrastructure Authority (KIA) is pleased to have been designated as the agency for administration of these infrastructure project grants. In an effort to ensure that your community receives the level of support it deserves, language was included in the 2005 Budget of the Commonwealth to provide 0.5% of each grant as an administrative fee to KIA.

To make this a successful grant process, KIA wants to update you on some important timing issues with respect to funding and administration.

**First, your grant funds will be available some time after August 1, 2005.** We are working with the State Budget Director's Office to determine the precise date of availability. When the grant funds become available, you must have a fully executed grant assistance agreement and your project must meet all grant requirements and be reviewed by the Capital Projects and Bond Oversight Committee before funds can be released. Primary requirements are discussed in the next paragraph. Detailed requirements will be provided to your Project Administrator. Special consideration will be given to projects needing attention prior to August 1, 2005.

**Second, if your project is ready to go, do not stop progress if you have interim funding available.** Your grant funds will still be available even if you have started your project. However, the expenditure of all project funds must comply with appropriate procurement process and the project must conform to the budget and grant requirements, be approved by the Area Water Management Council and endorsed by the Kentucky e-Clearinghouse. We will work with your designated project administrator to make sure all conditions necessary for reimbursement are satisfied.



Page 2

May 18, 2005

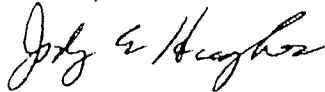
**Third, we need your help. KIA needs to know:**

- A. Your designee for Project Administrator to work with KIA and be responsible for completion of all of the grant documentation and requirements.** Your Project Administrator will be responsible for coordinating proper procurement of all necessary contracts and for completing all requirements of the grant. Please be assured that you will be copied on all essential correspondence and consulted on all decisions regarding your grant. **Exhibit 1.**
- B. Your project's WX or SX number.** Having this project identifying number will assure that you have coordinated with your Area Water Management Council and your project meets the budget requirements. If your grant award is not yet linked to a project profile with a WX or SX number, it is critical that you contact your Area Water Management Council very soon to get a project designated. If you plan on using your grant funds for more than one project, each project will need a WX or SX number. **Exhibit 2.**

**Please fill out the attached Exhibits and return to KIA by Wednesday, June 1, 2005.** As soon as we receive your designation for Project Administrator, we will be in direct contact with that person regarding the specific requirements and the steps involved in accessing your grant funds. There will a workshop held in the near future to discuss all required grant documentation, so it is important that we receive your response as soon as possible.

Again, we are pleased to be a part of this important effort to improve infrastructure for citizens throughout the Commonwealth. We pledge our full cooperation and look forward to working with you and your Project Administrator in the coming months.

Sincerely,



Jody E. Hughes  
Executive Director

Enclosures

c: Scott Kimmich, Chair, Area Water Management Planning Council  
Chris Sandfoss, Water Service Coordinator

# **EXHIBIT 7**

# KENTUCKY WATER PROJECT PROFILE

Areas indicated with (\*) are required fields.

**1.\* Project Title (use title which will be identifiable by local community):**

Peaks Mill WD - Owen Co. Extension

**2.\* Project Description:**

Provide a brief narrative denoting if project relates to source, distribution, treatment, storage or other)

This project involves the installation of 9.5 miles of 6 inch diameter PVC water pipelines in southern Owen County serving more than 30 customers. The new pipelines will extend along Cedar Creek Road (KY 368) and Keys Branch Road (KY 897) in Owen County. Possible interconnection between Peaks Mill WD and Tri-Village (Kentucky American) with project completion.

\* Project Descriptor: Waterline extension

\* WRIS Project Number (PNUM): WX21187204

This number is assigned by an ADD through the respective Area Water Management Planning Council once the project profile is approved by the Council. This number ties each project to mapped/spatial information in the Water Resource Information System (WRIS). Project profiles without this number AND the required corresponding mapped/spatial information will NOT be accepted.

\* Project County: Owen

\* Is It a multi-county project:  Yes  No

\* Project Submitted By: Northern Kentucky

\* Select the PWSID# from the list below:

Available:

- 0010082
- 0010702
- 0020386
- 0020956
- 0030007
- 0030239
- 0030660
- 0040015
- 0040020

Selected:

0370346

**3. Legal Applicant**

\* Legal Applicant: Peaks Mill Water District

Water Utility which will own proposed Improvements: \_\_\_\_\_  
(If different from Legal Applicant)

\* Organizational Structure:

**Authorized Official Information**

\* First Name:  \* Last Name:  M.I.:

\* Title:

\* Street Address Line 1:

Street Address Line 2:

\* P.O. Box:

\* City:  \* State:  \* Zip:

\* County:

\* Telephone:  Ext:

Fax:

Email:

**Contact Person Information**

\* First Name:  \* Last Name:  M.I.:

\* Title:

\* Street Address Line 1:

Street Address Line 2:

\* P.O. Box:

\* City:  \* State:  \* Zip:

\* County:

\* Telephone:  Ext:

Fax:

Email:

**Project Administrator Information**

\* First Name:  \* Last Name:  M.I.:

Title:

Street Address Line 1:

Street Address Line 2:

P.O. Box:

City:  State:  Zip:

Consulting Engineer Information

\* First Name: Warner \* Last Name: Broughman, III M.I.: A

Firm: Warner A. Broughman III & Assoc

Street Address Line 1: 3161 Custer Drive

Street Address Line 2:

P.O. Box:

City: Lexington

County: Fayette

\* Telephone: 859-271-1778 Ext:

Fax: 859-272-1020

Email: wab11@prodigy.net

\_\_\_\_\_

4.\* Project Type (at least one required/check all that apply):

- Planning
- Design
- Construction
- Management

5. Project Alternatives: Please list a minimum of three!

a.\* Individuals would clean and repair cisterns and drill wells.

b.\* Individuals would continue to rely on sources known to have high coliform counts.

c.\* Do nothing.

6. Special Impact(s) of Proposed Water Project:

a.\* New service/improve service to 30 unserved underserved households

b. Number of new jobs: 0

Number of retained jobs: 0

c. Other beneficial technical, managerial, fiscal impacts: (20 words or less)

New lines would provide loops in existing system, thereby increasing reliability of existing distribution system. Project would also improve regional water quality.

d.\* Does proposed activity relate to public health protection emergency:  Yes  No

e.\* Does project involve regionalization:  Yes  No

f. Number of systems affected/Involved:

7.\* **Median Household Income of Service Area:**

\$

8.\* **Project Start Schedule:**

Years 0-2  Years 3-10  Years 11-20

9. **Estimated Funding Sources:**

\* Estimated Local Funding Amount \$

\* Estimated Other Funding Amount (all sources) \$

Total Estimated Project Cost \$

10. **Project Data - Water (complete all items which apply to your project)**

a.\* Is project related to source protection?  Yes  No

**Drinking Water Facilities**

b.\* Is project related to source?  Yes  No

c.\* Is project related to water treatment?  Yes  No

d.\* Is project related to distribution (Extension/Rehab)?  Yes  No

Check all that apply to your project

Extension  Water Tank

Rehab/Improvement  Pump Station

**Proposed project involves construction of line**

Total linear feet  of new line

Line Size (In Inches)  2  3  4  6  8  10  greater than 10

Material  Ductile Iron  PVC  PE Other

**Project activity improves pressure, as a result of**

Replacement of  total linear feet of inadequately sized lines

total gallons of increased storage due to additional demand

Leaks, Breaks, or restrictive flows due to age

**Project activity improves water quality by providing:**

Adequate turnover of water

Proper maintenance of disinfection residual

Replacement of  total linear feet of lead, copper, asbestos-cement lines

Briefly describe why the above items apply to your project:



SUBMITTED Form: Kentucky Water Project Profile

**e. Management (describe)**

Crossing county line will regionalize water distribution rather than start another water district in Owen County.

**f. Other (describe)**

Current unserved residents have about 80% contaminated and polluted cisterns. Quantity is limited due to transportation restraints and cost. Allows for some geographic equity and has customer density of 4 per mile.

**g.\* Date Project was approved by the Area Water Management Planning Council:** 02/09/2004

