

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAR 02 2012

PUBLIC SERVICE
COMMISSION

In the Matter of:

PROPOSED REVISION OF RULES)
REGARDING THE PROVISION OF)
WHOLESALE WATER SERVICES BY THE)
CITY OF VERSAILLES TO NORTHEAST)
WOODFORD WATER DISTRICT)

CASE NO. 2011-00419

TESTIMONY ON BEHALF OF

NORTHEAST WOODFORD COUNTY WATER DISTRICT

Now comes the Northeast Woodford County Water District, also known as Northeast Woodford Water District, by counsel, pursuant to the Scheduling Order entered herein, and submits the written testimony of its witnesses Fred Faust, John S. Davis and Warner A. Broughman III, P.E. in verified form.

ATTORNEY FOR NORTHEAST WOODFORD
COUNTY WATER DISTRICT



JOSEPH M. HOFFMAN
Joseph M. Hoffman & Associates
100 United Drive, Suite 4B
Versailles, Kentucky 40383

CERTIFICATE OF SERVICE

It is hereby certified that true copies of the Testimony of the Northeast Woodford County Water District has been served by mailing, postage prepaid, to: City of Versailles, 196 South Main St., Versailles, KY 40383 and to William K. Moore, City Attorney, 126 South Main Street, Versailles, KY 40383 on this 2nd day of March, 2012.



JOSEPH M. HOFFMAN

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

PROPOSED REVISION OF RULES)	
REGARDING THE PROVISION OF)	
WHOLESALE WATER SERVICES BY THE)	CASE NO. 2011-00419
CITY OF VERSAILLES TO NORTHEAST)	
WOODFORD WATER DISTRICT)	

**TESTIMONY OF FRED FAUST, BILLER/BOOKKEEPER OF
NORTHEAST WOODFORD COUNTY WATER DISTRICT**

1. My name is Fred Faust and I am the Biller/Bookkeeper for the Northeast Woodford County Water District (Water District) and have served in that capacity since 1972.

2. In my capacity as Biller/Bookkeeper, I am the keeper of various Water District records, including:

A. Copies of contracts between the Water District and all other parties.

B. Purchases of potable water by the Water District from the City of Versailles (Versailles) and all other water suppliers including invoices received by the Water District requesting payment for such purchases.

3. Each of the records described above is compiled and maintained by me and my staff in the usual and ordinary course of business.

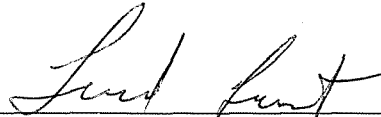
4. Attached hereto as Exhibit A, is a true and accurate copy of invoices received by the Water District from Versailles bearing a bill date from February 1, 2011 through January 1, 2012, inclusive.

5. The total water purchased by the Water District from Versailles for 2011 as reflected on the attached invoices was 145,022,100 gallons. The average monthly water purchase for 2011 was 12,085,175 gallons.

6. Attached hereto as Exhibit B is a true and accurate copy of the Water Supply Agreement dated April 19, 2011 entered into between the Water District and the Electric and Water Plant Board of the City of Frankfort, Kentucky (Frankfort) as approved by the Public Service Commission.

7. Through the date of this testimony the Water District has not purchased water from Frankfort or any other supplier except Versailles.

Further Affiant saith not.



FRED FAUST, Biller/Bookkeeper
NORTHEAST WOODFORD COUNTY
WATER DISTRICT
225A. South Main Street
Versailles, KY 40383
(859) 873-5989

STATE OF KENTUCKY
COUNTY OF WOODFORD

Subscribed and sworn to before me by FRED FAUST on this 1st day of March, 2012

My Commission expires: 11/10/2015



NOTARY PUBLIC, STATE AT LARGE

EXHIBIT "A"

TO TESTIMONY OF FRED FAUST

KEEP THIS PART FOR YOUR RECORDS

BILL DATE	ACCOUNT NUMBER	DUE DATE	FROM	TO	AMOUNT DUE IF PAID BY DUE DATE	AMOUNT DUE IF PAID AFTER DUE DATE
1/1/2012		01/15/12	11/15	12/28	\$30,109.53	\$33,120.48

READINGS		DESCRIPTION	AMOUNT
PREVIOUS	9961111 E	Water	\$30,109.53
PRESENT	10094339 E		
USAGE	133228		
PREVIOUS PAYMENT AMT	28213.61		
DATE PAYMENT RECEIVED	12/12/2011		
BILL NUMBER	51-0018095		

PROPERTY ADDRESS
223 SOUTH MAIN #A

NORTHEAST WATER DISTRICT
225 S MAIN ST STE A
VERSAILLES, KY 40383-1582

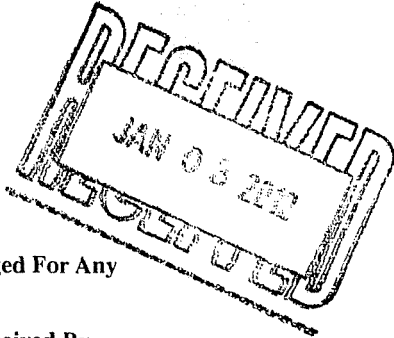


Make Checks Payable To:

VERSAILLES MUNICIPAL UTILITIES
196 South Main Street
P.O. Box 625
Versailles, Kentucky 40383

IF PAID BY 1/15/2012 \$30,109.53
IF PAID AFTER 1/15/2012, includes 10% penalty \$33,120.48

HAPPY NEW YEAR!!!



Office Hours

Mon - Fri (except holidays) 8:00 - 4:00
For inquires, please call (859) 873-5437

READING CODES

A-Actual Reading
E-Estimated Reading
F-Final Reading

A \$30.00 Fee Will Be Charged For Any Returned Check.

Your Payment Must Be Received By Due Date to Avoid Late Penalty.

For Your Convenience Drop Boxes Are Located at the Front and Rear of City Hall

CK# 1543
Approved
Daniel
1-9-12
Daniel

KEEP THIS PART FOR YOUR RECORDS

BILL DATE	ACCOUNT NUMBER	DUE DATE	FROM	TO	AMOUNT DUE IF PAID BY DUE DATE	AMOUNT DUE IF PAID AFTER DUE DATE
12/1/2011	[REDACTED]	12/15/11	10/11	11/15	\$28,213.61	\$31,034.97

READINGS		DESCRIPTION	AMOUNT
PREVIOUS	9836272 A	Water	\$28,213.61
PRESENT	9961111 A		
USAGE	124839 ⁶⁶		
PREVIOUS PAYMENT AMT	20289.15		
DATE PAYMENT RECEIVED	11/10/2011		
BILL NUMBER	51-0018095		

PROPERTY ADDRESS
223 SOUTH MAIN #A

2434

NORTHEAST WATER DISTRICT
225 S MAIN ST STE A
VERSAILLES, KY 40383-1582



Make Checks Payable To:

VERSAILLES MUNICIPAL UTILITIES
196 South Main Street
P.O. Box 625
Versailles, Kentucky 40383

IF PAID BY 12/15/2011 \$28,213.61
IF PAID AFTER 12/15/2011, includes 10% penalty \$31,034.97

VERSAILLES DOWNTOWN CHRISTMAS
PARADE SAT. DEC 3RD AT 5:00
HAVE A MERRY MERRY CHRISTMAS!!

Office Hours

Mon - Fri (except holidays) 8:00 - 4:00
For inquires, please call (859) 873-5437

READING CODES

- A-Actual Reading
- E-Estimated Reading
- F-Final Reading

Approved
Down
12/9/11 CK#
1532
[Signature]

A \$30.00 Fee Will Be Charged For Any Returned Check.

Your Payment Must Be Received By Due Date to Avoid Late Penalty.



For Your Convenience Drop Boxes Are Located at the Front and Rear of City Hall

KEEP THIS PART FOR YOUR RECORDS

BILL DATE	ACCOUNT NUMBER	DUE DATE	FROM	TO	AMOUNT DUE IF PAID BY DUE DATE	AMOUNT DUE IF PAID AFTER DUE DATE
11/1/2011	[REDACTED]	11/15/11	09/13	10/11	\$20,289.15	\$22,318.07

READINGS		DESCRIPTION	AMOUNT
PREVIOUS	9746497 A	Water	\$20,289.15
PRESENT	9836272 A		
USAGE	89775		
PREVIOUS PAYMENT AMT	31923.4		
DATE PAYMENT RECEIVED	10/14/2011		
BILL NUMBER	51-0018095		

PROPERTY ADDRESS
223 SOUTH MAIN #A

2492
 NORTHEAST WATER DISTRICT
 225 S MAIN ST STE A
 VERSAILLES, KY 40383-1581



Make Checks Payable To:

VERSAILLES MUNICIPAL UTILITIES
 196 South Main Street
 P.O. Box 625
 Versailles, Kentucky 40383

IF PAID BY 11/15/2011 \$20,289.15
 IF PAID AFTER 11/15/2011, includes 10% penalty \$22,318.07

SIGN UP FOR AUTO BANK DRAFT IN OUR
 OFFICE TO AVOID LATE FEES
 HAVE A HAPPY THANKSGIVING

Office Hours

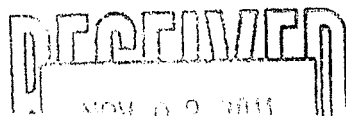
Mon - Fri (except holidays) 8:00 - 4:00
 For inquires, please call (859) 873-5437

READING CODES

A-Actual Reading
 E-Estimated Reading
 F-Final Reading

A \$30.00 Fee Will Be Charged For Any
 Returned Check.

Your Payment Must Be Received By
 Due Date to Avoid Late Penalty.



For Your Convenience Drop Boxes Are Located
 at the Front and Rear of City Hall

*Approved
 [Signature]
 11-9-11
 [Signature]*

AK#1514

KEEP THIS PART FOR YOUR RECORDS

BILL DATE	ACCOUNT NUMBER	DUE DATE	FROM	TO	AMOUNT DUE IF PAID BY DUE DATE	AMOUNT DUE IF PAID AFTER DUE DATE
10/1/2011	[REDACTED]	10/15/11	08/12	09/13	\$31,923.40	\$35,115.74

READINGS		DESCRIPTION	AMOUNT
PREVIOUS	9605243 A	Water	\$31,923.40
PRESENT	9746497 A		
USAGE	141254		
PREVIOUS PAYMENT AMT	33280.08		
DATE PAYMENT RECEIVED	09/14/2011		
BILL NUMBER	51-0018095		

PROPERTY ADDRESS
223 SOUTH MAIN #A

2486

NORTHEAST WATER DISTRICT
225 S MAIN ST STE A
VERSAILLES, KY 40383-1582



Make Checks Payable To:

VERSAILLES MUNICIPAL UTILITIES
196 South Main Street
P.O. Box 625
Versailles, Kentucky 40383

IF PAID BY 10/15/2011 \$31,923.40
IF PAID AFTER 10/15/2011, includes 10% penalty \$35,115.74

DOWNTOWN VERSAILLES ART WALK
FRIDAY OCT.21 5:00-8:00
PMWWW.THEARTVILLAGE.ORG

Office Hours

Mon - Fri (except holidays) 8:00 - 4:00
For inquires, please call (859) 873-5437

READING CODES

A-Actual Reading
E-Estimated Reading
F-Final Reading

A \$30.00 Fee Will Be Charged For Any Returned Check.

Your Payment Must Be Received By Due Date to Avoid Late Penalty.

For Your Convenience Drop Boxes Are Located at the Front and Rear of City Hall

1505
Approved
Hanus
10/7/11
HN 11

KEEP THIS PART FOR YOUR RECORDS

BILL DATE	ACCOUNT NUMBER	DUE DATE	FROM	TO	AMOUNT DUE IF PAID BY DUE DATE	AMOUNT DUE IF PAID AFTER DUE DATE
9/1/2011	[REDACTED]	09/15/11	07/25	08/12	\$33,280.08	\$36,608.09

READINGS		DESCRIPTION	AMOUNT
PREVIOUS	9457986 A	Water	\$33,280.08
PRESENT	9605243 A		
USAGE	147257		
PREVIOUS PAYMENT AMT	30719.28		
DATE PAYMENT RECEIVED	08/10/2011		
BILL NUMBER	51-0018095		

PROPERTY ADDRESS
223 SOUTH MAIN #A

2471
 NORTHEAST WATER DISTRICT
 225 S MAIN ST STE A
 VERSAILLES, KY 40383-1582



Make Checks Payable To:

VERSAILLES MUNICIPAL UTILITIES
 196 South Main Street
 P.O. Box 625
 Versailles, Kentucky 40383

IF PAID BY 9/15/2011 \$33,280.08
 IF PAID AFTER 9/15/2011, includes 10% penalty \$36,608.09

HAVE A SAFE LABOR DAY !!!!

Office Hours

Mon - Fri (except holidays) 8:00 - 4:00
 For inquires, please call (859) 873-5437

READING CODES

A-Actual Reading
 E-Estimated Reading
 F-Final Reading

A \$30.00 Fee Will Be Charged For Any Returned Check.

Your Payment Must Be Received By Due Date to Avoid Late Penalty.

For Your Convenience Drop Boxes Are Located at the Front and Rear of City Hall

PAID
 SEP 02 2011
 APPROVED
 [Signature]
 9/6/11
 HALL
 V1494

KEEP THIS PART FOR YOUR RECORDS

BILL DATE	ACCOUNT NUMBER	DUE DATE	FROM	TO	AMOUNT DUE IF PAID BY DUE DATE	AMOUNT DUE IF PAID AFTER DUE DATE
8/1/2011	[REDACTED]	08/15/11	06/14	07/25	\$30,719.28	\$33,791.21

READINGS		DESCRIPTION	AMOUNT
PREVIOUS	9322060 A	Water	\$30,719.28
PRESENT	9457986 A		
USAGE	135926		
PREVIOUS PAYMENT AMT	36231.42		
DATE PAYMENT RECEIVED	07/11/2011		
BILL NUMBER	51-0018095		

PROPERTY ADDRESS
223 SOUTH MAIN #A

NORTHEAST WATER DISTRICT
225 S MAIN ST STE A
VERSAILLES, KY 40383-1582



2467

Make Checks Payable To:

VERSAILLES MUNICIPAL UTILITIES
196 South Main Street
P.O. Box 625
Versailles, Kentucky 40383

IF PAID BY 8/15/2011 \$30,719.28
IF PAID AFTER 8/15/2011, includes 10% penalty \$33,791.21

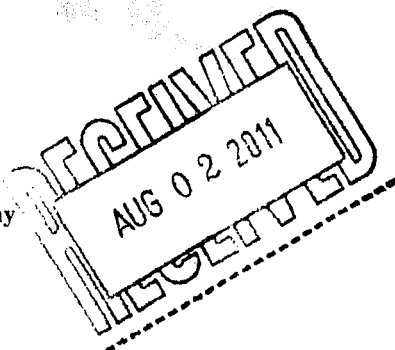
SIGN UP IN OUR OFFICE FOR AUTO BANK DRAFT !!!

Office Hours

Mon - Fri (except holidays) 8:00 - 4:00
For inquires, please call (859) 873-5437

A \$30.00 Fee Will Be Charged For Any Returned Check.

Your Payment Must Be Received By Due Date to Avoid Late Penalty.



READING CODES

A-Actual Reading
E-Estimated Reading
F-Final Reading

Approved
8/9/11
[Signature]
22 V 1480

For Your Convenience Drop Boxes Are Located at the Front and Rear of City Hall

KEEP THIS PART FOR YOUR RECORDS

BILL DATE	ACCOUNT NUMBER	DUE DATE	FROM	TO	AMOUNT DUE IF PAID BY DUE DATE	AMOUNT DUE IF PAID AFTER DUE DATE
7/1/2011	[REDACTED]	07/15/11	05/11	06/14	\$36,231.42	\$39,854.56

READINGS		DESCRIPTION	AMOUNT
PREVIOUS	9161744 A	Water	\$36,231.42
PRESENT	9322060 A		
USAGE	160316		
PREVIOUS PAYMENT AMT	18927.73		
DATE PAYMENT RECEIVED	06/09/2011		
BILL NUMBER		51-0018095	

NORTHEAST WATER DISTRICT
225 S MAIN ST STE A
VERSAILLES, KY 40383-1582

2340



PROPERTY ADDRESS
223 SOUTH MAIN #A

Make Checks Payable To:

VERSAILLES MUNICIPAL UTILITIES
196 South Main Street
P.O. Box 625
Versailles, Kentucky 40383

IF PAID BY 7/15/2011 \$36,231.42
IF PAID AFTER 7/15/2011, includes 10% penalty \$39,854.56

HAVE A SAFE 4TH OF JULY HOLIDAY

Office Hours

Mon - Fri (except holidays) 8:00 - 4:00
For inquires, please call (859) 873-5437

ck# 1462

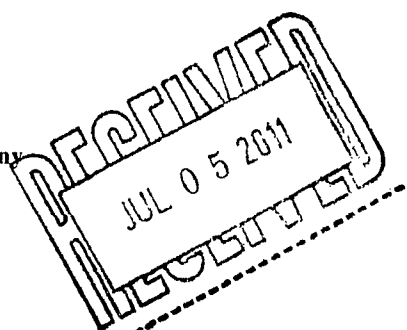
READING CODES

A-Actual Reading
E-Estimated Reading
F-Final Reading

*Approval
Dunn
7-8-11
Dunn*

A \$30.00 Fee Will Be Charged For Any Returned Check.

Your Payment Must Be Received By Due Date to Avoid Late Penalty.



For Your Convenience Drop Boxes Are Located at the Front and Rear of City Hall

KEEP THIS PART FOR YOUR RECORDS

BILL DATE	ACCOUNT NUMBER	DUE DATE	FROM	TO	AMOUNT DUE IF PAID BY DUE DATE	AMOUNT DUE IF PAID AFTER DUE DATE
6/1/2011	[REDACTED]	06/15/11	04/19	05/11	\$18,927.73	\$20,820.50

READINGS		DESCRIPTION	AMOUNT
PREVIOUS	9077993 A	Water	\$18,927.73
PRESENT	9161744 A		
USAGE	83751		
PREVIOUS PAYMENT AMT	28664.48		
DATE PAYMENT RECEIVED	05/11/2011		
BILL NUMBER	51-0018095		

1963
 NORTHEAST WATER DISTRICT
 225 S MAIN ST STE A
 VERSAILLES, KY 40383-1582



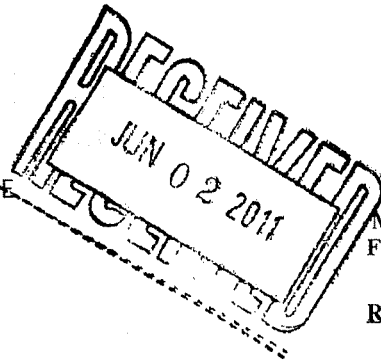
PROPERTY ADDRESS
223 SOUTH MAIN #A

Make Checks Payable To:

VERSAILLES MUNICIPAL UTILITIES
 196 South Main Street
 P.O. Box 625
 Versailles, Kentucky 40383

IF PAID BY 6/15/2011 \$18,927.73
 IF PAID AFTER 6/15/2011, includes 10% penalty \$20,820.50

2011 SUMMER PROGRAM IN PROCESS
 AT THE WOODFORD COUNTY LIBRARY FREE
 EVENTS FOR KIDS, TEENS, ADULTS



Office Hours

Mon - Fri (except holidays) 8:00 - 4:00
 For inquires, please call (859) 873-5437

READING CODES

A-Actual Reading
 E-Estimated Reading
 F-Final Reading

A \$30.00 Fee Will Be Charged For Any Returned Check.

Your Payment Must Be Received By Due Date to Avoid Late Penalty.

Approved
[Signature]
 pd. CK# 1447

For Your Convenience Drop Boxes Are Located at the Front and Rear of City Hall

KEEP THIS PART FOR YOUR RECORDS

BILL DATE	ACCOUNT NUMBER	DUE DATE	FROM	TO	AMOUNT DUE IF PAID BY DUE DATE	AMOUNT DUE IF PAID AFTER DUE DATE
5/1/2011	[REDACTED]	05/15/11	03/15	04/19	\$28,664.48	\$31,530.93

READINGS		DESCRIPTION	AMOUNT
PREVIOUS	8951159 A	Water	\$28,664.48
PRESENT	9077993 A		
USAGE	126834		
PREVIOUS PAYMENT AMT	20191.74		
DATE PAYMENT RECEIVED	04/11/2011		
BILL NUMBER	51-0018095		

1943

NORTHEAST WATER DISTRICT
225 SOUTH MAIN #A
VERSAILLES, KY 40383-1582



PROPERTY ADDRESS
223 SOUTH MAIN #A

Make Checks Payable To:

VERSAILLES MUNICIPAL UTILITIES
196 South Main Street
P.O. Box 625
Versailles, Kentucky 40383

IF PAID BY 5/15/2011 \$28,664.48
IF PAID AFTER 5/15/2011, includes 10% penalty \$31,530.93

FARMERS MKT.OPENS DOWNTOWN MAY 7TH
3RD ANNUAL ART IN THE PARK,SAT MAY27 10:00 AM-5:00PM BIG SPRING PARK

A \$30.00 Fee Will Be Charged For Any Returned Check.

Your Payment Must Be Received By Due Date to Avoid Late Penalty.

Office Hours

Mon - Fri (except holidays) 8:00 - 4:00
For inquires, please call (859) 873-5437

READING CODES

A-Actual Reading
E-Estimated Reading
F-Final Reading

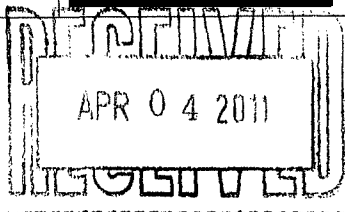
Approved
5/19/11
[Signature]

RECEIVED
MAY 04 2011
pel
ck#
1428

For Your Convenience - Drop Boxes Are Located at the Front and Rear Of City Hall

KEEP THIS PART FOR YOUR RECORDS

BILL DATE	ACCOUNT NUMBER	DUE DATE	FROM	TO	AMOUNT DUE IF PAID BY DUE DATE	AMOUNT DUE IF PAID AFTER DUE DATE
04/01/11	[REDACTED]	04/15/11	02/17	03/15	20191.74	22210.91



NORTHEAST WATER DISTRICT
225 SOUTH MAIN #A

VERSAILLES KY 40383-1581

READINGS		DESCRIPTION	AMOUNT
PREVIOUS	8861815 A	WATER	20191.74
PRESENT	8951159 A		
USAGE	89344		
PREVIOUS PAYMENT AMT	25,604.67		
DATE PAYMENT RECEIVED	03/10/2011		
BILL NUMBER	51-0018095		

PROPERTY ADDRESS
223 SOUTH MAIN #A

Make Checks Payable To:

VERSAILLES MUNICIPAL UTILITIES
196 South Main Street
P.O. Box 625
Versailles, Kentucky 40383

IF PAID BY 04/15/11 \$20,191.74
IF PAID AFTER 04/15/11, includes 10% penalty \$22,210.91

✓ 1410 4-8-11

HAPPY EASTER!!!!

Office Hours

Mon - Fri (except holidays) 8:00 - 4:00
For inquires, please call (859) 873-5437

READING CODES

A-Actual Reading
E-Estimated Reading
F-Final Reading

Approved
David
4/8/11
[Signature]

A \$30.00 Fee Will Be Charged For Any Returned Check.

Your Payment Must Be Received By Due Date to Avoid Late Penalty.

For Your Convenience - Drop Boxes Are Located at the Front and Rear Of City Hall

KEEP THIS PART FOR YOUR RECORDS

BILL DATE	ACCOUNT NUMBER	DUE DATE	FROM	TO	AMOUNT DUE IF PAID BY DUE DATE	AMOUNT DUE IF PAID AFTER DUE DATE
03/01/11	[REDACTED]	03/15/11	01/18	02/17	25604.67	28165.14

READINGS		DESCRIPTION	AMOUNT
PREVIOUS	8748520 A	WATER	25604.67
PRESENT	8861815 A		
USAGE	113295		
PREVIOUS PAYMENT AMT	23,594.85		
DATE PAYMENT RECEIVED	02/11/2011		
BILL NUMBER	51-0018095		

NORTHEAST WATER DISTRICT
225 SOUTH MAIN #A

VERSAILLES KY 40383-1581

PROPERTY ADDRESS
223 SOUTH MAIN #A

Make Checks Payable To:

VERSAILLES MUNICIPAL UTILITIES
196 South Main Street
P.O. Box 625
Versailles, Kentucky 40383

IF PAID BY 03/15/11

IF PAID AFTER 03/15/11 , includes 10% penalty

\$25,604.67

\$28,165.14

LEAVES/GRASS SHOULD BE BAGGED FOR CURB-SIDE PICK-UP EXCEPT FROM OCT-DEC THANK YOU!!!

Office Hours

Mon - Fri (except holidays) 8:00 - 4:00
For inquiries, please call (859) 873-5437

READING CODES

A-Actual Reading
E-Estimated Reading
F-Final Reading

A \$30.00 Fee Will Be Charged For Any Returned Check.

Your Payment Must Be Received By Due Date to Avoid Late Penalty.

For Your Convenience - Drop Boxes Are Located at the Front and Rear Of City Hall

✓ 1406
Approved
3/9/11
Walt

KEEP THIS PART FOR YOUR RECORDS

BILL DATE	ACCOUNT NUMBER	DUE DATE	FROM	TO	AMOUNT DUE IF PAID BY DUE DATE	AMOUNT DUE IF PAID AFTER DUE DATE
02/01/11	[REDACTED]	02/15/11	12/22	01/18	23594.85	25954.34

NORTHEAST WATER DISTRICT
 225 SOUTH MAIN #A
 VERSAILLES KY 40383-1581

READINGS		DESCRIPTION	AMOUNT
PREVIOUS	8644118 A	WATER	23594.85
PRESENT	8748520 A		
USAGE	104402		
PREVIOUS PAYMENT AMT	35,020.06		
DATE PAYMENT RECEIVED	01/13/2011		
BILL NUMBER	51-0018095		

PROPERTY ADDRESS
223 SOUTH MAIN #A

Make Checks Payable To:

VERSAILLES MUNICIPAL UTILITIES
 196 South Main Street
 P.O. Box 625
 Versailles, Kentucky 40383

IF PAID BY 02/15/11 \$23,594.85
IF PAID AFTER 02/15/11, includes 10% penalty \$25,954.34

THERE WILL BE NO GARBAGE PICK-UP
 MON. FEB-21 DUE TO PRESIDENTS DAY
 HOLIDAY

Office Hours

Mon - Fri (except holidays) 8:00 - 4:00
 For inquires, please call (859) 873-5437

READING CODES

A-Actual Reading
 E-Estimated Reading
 F-Final Reading

2/9/11
ckg
Approved
Daniel
2/9/11

A \$30.00 Fee Will Be Charged For Any
 Returned Check.

Your Payment Must Be Received By
 Due Date to Avoid Late Penalty.

CK# 1391

For Your Convenience - Drop Boxes Are Located
 at the Front and Rear Of City Hall

EXHIBIT “B”

TO TESTIMONY OF FRED FAUST

Water Supply Agreement

THIS AGREEMENT made and entered into on this 19th day of April, 2011, by and between the Electric and Water Plant Board of the City of Frankfort, Kentucky, whose address is 317 West Second Street, P.O. Box 308, Frankfort, Kentucky 40602, having the powers granted by KRS 96.171 *et seq.*, ("Board"), and the Northeast Woodford Water District, whose address is 225 A South Main Street, Versailles, Kentucky 40383, a water district created and existing under the laws of the state of Kentucky ("District");

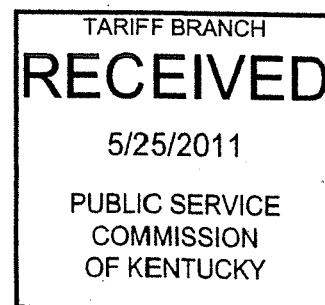
WHEREAS: The City of Versailles, Kentucky is currently the District's sole supplier of water.

WHEREAS, The District desires to obtain a supplementary source of supply of water;

WHEREAS, the Board operates a water supply system along US 421 with the additional capacity to serve as the District's supplementary source of supply;

WITNESSETH: That the parties hereto in consideration of the mutual duties and obligations herein created, have, and do agree as follows:

- Quality:** During the term of this agreement and any renewal or extension thereof, the Board will furnish to the District at the point of delivery hereinafter specified, treated, potable water that complies with all applicable Kentucky Division of Water and U.S. Environmental Protection Agency standards for water quality.

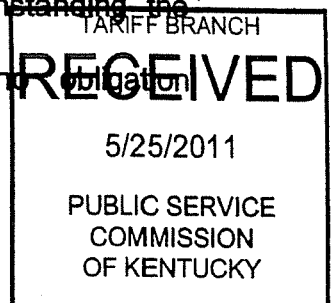


2. Points of Delivery, Flow Rates, Minimum Quantities, and Pressure: The

Board will provide water to the District at the following point of delivery:

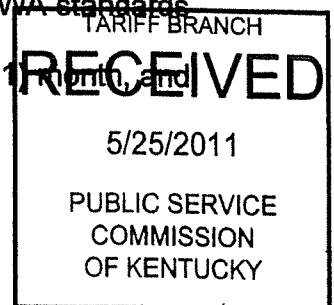
New metering point at the intersection of Woodlake Road and I-64. The Board will install, at the District's expense, metering equipment inside the District's pump station; the Board shall have access to the pump station for proper maintenance or testing of the metering equipment; the maximum flow rate shall be 400 gallons per minute; the minimum consumption shall be 3,000,000 gallons per month computed on an annual basis beginning when all facilities are operational. The District will pay the Board forty-one thousand, eight hundred and sixty dollars **(\$41,860.00)** to aid in construction of the Board's proposed facilities along Woodlake Road from US 421 to I-64. In addition, upon presentation of a work order, the District shall pay the actual charges for metering, telemetry, and a tap fee (estimated at **\$3,800, \$20,000, and \$1,300** respectively).

The parties, in writing, may agree to one or more additional points of delivery, subject to the force majeure events described herein. Adequate pressure normally provided from the Board's existing facilities will be supplied to the point of delivery. If a greater pressure than is normally available at the points of delivery is required by the District, the cost of providing such greater pressure shall be the responsibility of the District. Notwithstanding the foregoing, the Board under this Agreement assumes no obligation



whatsoever to furnish satisfactory quantity or pressure for any particular service such as irrigation, fire protection, industrial, or commercial use.

3. **Term of Agreement and Effective Date:** This Agreement will take effect on the Effective Date and will continue for a term of forty-two (42) years thereafter. The Parties acknowledge that this Agreement will require submission to the Kentucky Public Service Commission ("PSC") for approval. The Board shall file an executed copy of this Agreement with the PSC. The District pledges its assistance to help expedite the PSC review process. The Effective Date of this Agreement shall be the date the Agreement is deemed to be "filed" by the PSC. The Board shall give written notice of the Effective Date to the District.
4. **Metering Equipment and Flow Measurement:** The Board will own, operate and maintain the metering equipment located at the point of delivery. The Board shall make annual tests and inspections of the master meter; and additional testing may be performed by the Board at its sole discretion at any time. The Board will provide a twenty-four (24) hour notice to the District prior to conducting any meter test, allow District personnel to witness the test, and submit test results to the appropriate official or agent designated by the District upon request. A meter registering within the acceptable limits as defined by American Water Works Association (AWWA) standards shall be deemed to be accurate. A reading of the meter determined by the test results to be inaccurate (registering outside of acceptable limits of AWWA standards based upon type of meter) shall cause billings for at least one (1) month, and



up to three (3) months, previous to such test to be adjusted by the percentage of inaccuracy found by such test. If any meter should fail to register usage for any regular billing period, the amount of water furnished during such billing period shall be determined based on historical consumption for three (3) consecutive billing periods.

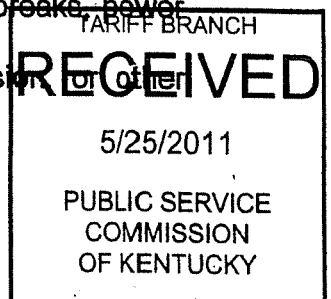
5. **Billing and Payment:** The District shall at all times pay the rates and charges for water that exist at the time of delivery under the existing published rates, rules and regulations of the Board.

The District and the Board acknowledge the Board's wholesale water rate is determined by the Board's rate-making methodology, and agree that the Board's rate making methodology is a reasonable basis for the rate adjustments under the Water Supply Agreement. That methodology requires that the wholesale rate be determined by considering the following components including but not limited to:

- A. Operation and maintenance expenses
- B. Depreciation expenses
- C. Debt service and coverage on debt service

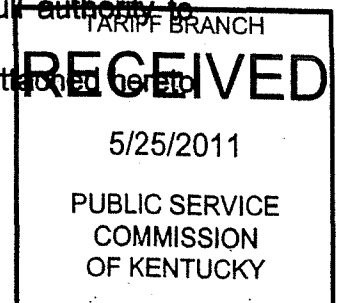
The initial rate under this contract is established by the Board's most recent tariff establishing rates for the wholesale non-water producer (i.e. water district) class currently on file with the Commission. Thereafter, the rates established shall be submitted to and approved by the Commission.

6. **Force Majeure:** Emergency failures due to main supply line breaks, power failure, flood, fire, act of God, war, riot, earthquake, explosion or other



catastrophic events shall excuse the Board from its performance under this Agreement for such reasonable period of time as may be necessary to restore service.

7. **Proportionate Reduction:** In the event any occurrence, condition, or circumstance leads the Board to request voluntary curtailment of water consumption or to impose mandatory curtailment of water consumption with respect to the Board's own water users, the District will make the same request for voluntary curtailment of consumption or will impose the same mandatory curtailment of water consumption, upon its water users, to the end that District water users will be treated alike with respect to curtailment of water consumption, and the District will cooperate fully in taking the same character of enforcement action as the Board takes with respect to any such request or mandate.
8. **Assignment:** This Agreement shall be binding on all successors and assigns of the Parties but shall not be assigned by either Party without the written consent of the other.
9. **Waivers:** The failure of any Party at any time to enforce any provision of this Agreement, to exercise its rights under any provision, or to require a certain performance of any provision shall in no way be construed a waiver of such provision nor in any way affect the validity of this Agreement or the right of the Party thereafter to enforce each and every provision.
10. **Authority to Execute Agreement:** The Board possesses full authority to enter into this Agreement as indicated by the Board's minutes attached hereto.



as Exhibit A. The District possesses full authority to enter into this Agreement as indicated by the District's minutes attached hereto as Exhibit B.

11. Entire Agreement: This Agreement constitutes the entire understanding and agreement between the Parties and supersedes all other understandings and agreements between the Parties with respect to the subject matter of this Agreement. There are no understandings, representations or warranties of any kind, expressed or implied, not expressly set forth in this Agreement. No modifications or amendment of this Agreement shall be effective unless in writing and executed on behalf of both Parties.



IN TESTIMONY WHEREOF, the parties hereto have caused this Agreement to be executed by its duly authorized officers, on this date and year first above written.

Electric and Water Plant Board
of the City of Frankfort,
Kentucky

By: Ann Wingrove
Board Chair
Ann Wingrove

Attest:

Bennie R. Meffitt

Northeast Woodford
Water District

By: John S. Davis
Board Chair

Attest:

Don L. Belf



**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

PROPOSED REVISION OF RULES)	
REGARDING THE PROVISION OF)	
WHOLESALE WATER SERVICES BY THE)	CASE NO. 2011-00419
CITY OF VERSAILLES TO NORTHEAST)	
WOODFORD WATER DISTRICT)	

**TESTIMONY OF WARNER A. BROUGHMAN, III, ENGINEER
FOR NORTHEAST WOODFORD COUNTY WATER DISTRICT**

1. My name is Warner A. Broughman, III, and I am a registered professional engineer. A true and correct copy of my Curriculum Vitae is attached hereto as Exhibit "A".

2. I have provided professional engineering services to Northeast Woodford County Water District (Water District) since 1992. I provided such services to the Water District in regard to its projects entitled "Regional Interconnection to Frankfort Water System" and "Regional Interconnections With Frankfort (Phase II) With a Tap On Fee, Booster Pump Station and Extension Along Spring Station Road" (the Projects).

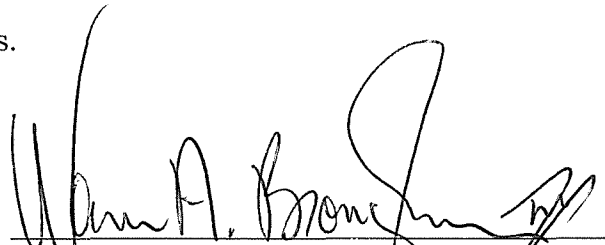
3. The purpose of the Projects is to provide an interconnection with the Electric and Water Plant Board of the City of Frankfort, Kentucky (Frankfort) and to provide water to property owners who did not otherwise access to a public water supply.

4. It is sound water system design and management to obtain a supplemental water supply in addition to the system's primary water supply. The benefit of a supplementary water supply is that it enhances the integrity of the system, provides an increase in water pressure, and provides an alternate supply of water in the event of an emergency or a failure of the primary

supplier's system. The Water District's connection with Frankfort achieves these benefits for its system and customers.

5. The water line between Frankfort's system and the Water District's system consists of approximately 7,200 linear feet of eight inch pipeline. Water within the pipeline needs to be kept fresh for use by the Water District's customers. The daily flow required to turn the water over and keep it fresh is approximately two times the volume of the pipe. Therefore the minimum volume required to keep water in the pipeline fresh on a monthly basis is 1,128,000 gallons. Frankfort stated that it had an investment in the facilities as well and therefore needed to recover compensation for an additional approximate 2,000,000 gallons per month for its investment. Frankfort therefore insisted on a minimum purchase obligation in the Water Supply Agreement of 3,000,000 gallons per month on an annual basis.

Further Affiant saith not.


WARNER A. BROUGHMAN, III
Engineer for Northeast Woodford County
Water District

STATE OF KENTUCKY
COUNTY OF WOODFORD

Subscribed and sworn to before me by WARNER A. BROUGHMAN, III on this 2nd
day of March, 2012

My Commission expires: 7/20/2015

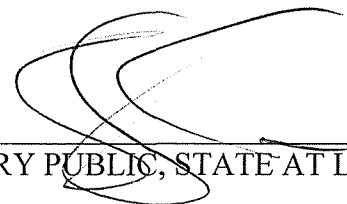

NOTARY PUBLIC, STATE AT LARGE

EXHIBIT “A”

**TO TESTIMONY OF
WARNER A. BROUGHMAN, III**

WARNER A. "SANDY" BROUGHMAN, III, P.E.

Mr. Broughman received his B.S. Degree in Civil Engineering from the University of Kentucky in 1968. He specialized in traffic and sanitary engineering.

He is a registered professional engineer in the State of Kentucky and has been active in the American Society of Engineers, Institute of Traffic Engineers, National Society of Professional Engineers and the Kentucky Society of Professional Engineers. He is actively engaged in professional engineering, holding offices in the Bluegrass Chapter of the K.S.P.E. He is also a charter member of the Professional Engineers in Construction.

Mr. Broughman's experience following graduation from school was with the Kentucky Bureau of Highways where he was responsible for route surveying and flexible pavement construction. He worked with the U.S. Army Corps of Engineers in the design and supervision of construction of a 360-man base camp and 40 miles of road improvement in Thailand. For his work in command of his unit and as Liaison Officer to the Thai government and the Thailand Army forces during the Vietnam era, he was awarded the Army Commendation Medal. He was at Fort Sill, Oklahoma where he served as Company Commander of the Engineering Unit responsible for roads and ground maintenance including construction and demolition.

Mr. Broughman established his professional engineering career in Lexington. For two years, Mr. Broughman served as Project Engineer in a wide variety of projects for a local engineering firm, predominately among which was Sanitary Engineering. In 1973, Mr. Broughman established his own company and since that time has prepared 201 reports, was the principal engineer for sewer, wastewater treatment plants, road designs, water systems and miscellaneous design projects for Kentucky clients.

Mr. Broughman received the Governor's recognition and the award of the Kentucky Department for Natural Resources for his pro bono public contribution to the Technical Advisory Committee on Lake Cumberland as a representative of Trout Unlimited and the Lake Cumberland Trust.

Mr. Broughman has managed numerous projects financed by the Rural Development administration of the U.S.D.A., successfully acquiring grants for many communities along with low interest loans. His experience with the Kentucky Infrastructure Authority has served recipients well with the acquisition and administration of both grants and loans.

Over the last 35 years Mr. Broughman has designed and overseen construction of numerous ground storage tanks, standpipes and elevated water storage tanks. Mr. Broughman designed the first single pedestal elevated tank financed by Rural Development in Kentucky. Later, he designed one of the first glass coated tanks built in Kentucky. More recently, he oversaw the construction of the first single pedestal composite (steel and concrete) tank constructed in Kentucky.

Numerous water pumping stations have been designed by Mr. Broughman during his long career in serving rural Kentucky cities and special districts. Variable speed drive constant pressure stations, multiple pump lift stations and standby installations have all been designed to satisfy rural clients. Using innovative design coupled with budgetary constraints has been the hallmark of Mr. Broughman's goals and production.

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

PROPOSED REVISION OF RULES)	
REGARDING THE PROVISION OF)	
WHOLESALE WATER SERVICES BY THE)	CASE NO. 2011-00419
CITY OF VERSAILLES TO NORTHEAST)	
WOODFORD WATER DISTRICT)	

**TESTIMONY OF JOHN S. DAVIS, CHAIRMAN OF
NORTHEAST WOODFORD COUNTY WATER DISTRICT
BOARD OF COMMISSIONERS**

1. My name is John S. Davis and I have continuously served as the Chariman of the Northeast Woodford County Water District (the Water District) Board of Commissioners since February, 1999.

2. In my capacity as Chairman and as a Commissioner I am familiar with all aspects of the operation of the Water District and all contracts, communications, and dealings between the Water District and the City of Versailles (Versailles) and the Electric and Water Plant Board of the City of Frankfort, Kentucky (Frankfort).

3. I have reviewed all documents filed in this matter on behalf of Versailles and have further reviewed the testimony of Fred Faust, Biller/Bookkeeper for the Water District, and the testimony of Warner A. Broughman, III, Engineer for the Water District, submitted in this matter.

4. Without conceding the accuracy of any of the statements contained in the letter of William K. Moore, Versailles City Attorney, dated September 19, 2011 submitted on behalf of Versailles I wish to point out the following inaccuracies:

a) On page 1 of the letter Mr. Moore states that the Water District's purchase of water from Versailles has decreased by 30% in calendar year 2011 from its average purchases from 2006 through 2010. This is incorrect. The Water District's average monthly water purchase from Versailles in 2011 was 12,085,175 gallons (see Testimony of Fred Faust, paragraph 5) which is only 15% less than the average monthly water purchase by the Water District for 2006 through 2010 as set out in Mr. Moore's letter.

b) Mr. Moore's letter implies that the alleged 30% decrease in the purchase of water by the Water District from Versailles is the result of the purchase of water by the Water District from Frankfort pursuant to an agreement entered into between the Water District and Frankfort. This is incorrect. The Water District is not connected to Frankfort and has not obtained any water from Frankfort through the date of this testimony. It is my belief that any reduction in water purchases for 2011 is the result of conservation measures by the Water District's customers and that the Water District's area had well above average rainfall in 2011 thereby reducing the water supply needs of customers.

c) Mr. Moore's letter states in paragraph 8 that for the first seven months of 2011 the Water District had purchased a total of 67,258,200 gallons of water for an average monthly purchase of 9,608,314 gallons. That is incorrect. The Exhibit attached to Mr. Moore's letter to which this paragraph refers shows that the total of 67,258,200 gallons is for 6, not 7, months resulting in a monthly average of 11,209,700 gallons. The Exhibit also reflects an additional 16,031,600 gallons purchased in the seventh month resulting in a monthly average of 11,898,542

gallons for the first seven months of 2011. As stated above the average monthly water purchase by the Water District from Versailles for all of 2011 was 12,085,175 gallons.

5. Without conceding the accuracy of any of the statements contained in the Testimony of Bart Miller, Public Works Director City of Versailles I wish to point out that the statement contained in paragraph 4 of Mr. Miller's Testimony that the Water District purchases more potable water from Versailles than any other customer is not correct. South Woodford Water District purchased more water from Versailles than the Water District in 2010 and 2011. See City of Versailles Response To Staff's Request For Information, Response # 14.

6. The Water District has contracted with Frankfort to obtain "... a supplementary source of supply of water...". (See Water Supply Agreement dated April 19, 2011 between the Water District and Frankfort attached as Exhibit "B" to the Testimony of Fred Faust). The Water Supply Agreement was filed with, and approved by, the Public Service Commission. It is not the Water District's intention to supplant Versailles as the Water District's primary water supplier but only to obtain a supplementary supply in order to enhance the integrity of the Water District's system and provide an alternate source of water in the event of an emergency or failure of the Versailles system. Past emergencies have included natural disasters such as Hurricane Ike's windstorm in October, 2008 and ice storms in 2003 and 2009.

7. The Water District was encouraged to obtain an alternate supply of water to provide relief in the event of emergency or failure of the primary supplier's system by the Governor's 2020 Plan, the Environmental Protection Agency's Vulnerability Assessment, the Water District's Emergency Response Plan, and the Public Service Commission. Having a supplementary supply of water is a basic concept in the proper design of a water distribution system. See Testimony of Warner A. Broughman, III, Engineer for the Water District. In

addition the Governor's 2020 Plan includes providing water to every potential customer needing water while working with other water systems to accomplish this goal.

8. The Water District's proposed connection with Frankfort was first presented to the Bluegrass Area Water Management (409) Council (the Water Management Council) in 2002 as a Kentucky Water Project Profile entitled "Regional Interconnection to Frankfort Water System" (the Project). The Water Management Council, which includes the Water District and Versailles as active members, determines the priority of various projects in the Bluegrass Area for funding grants by the state through the Kentucky Infrastructure Authority (KIA).

9. KIA recognizes the importance of obtaining an alternate supply of water in its Methodology For Ranking Water & Wastewater Projects For State Funding, a copy of which is attached hereto as Exhibit A. Projects are ranked by category with a maximum of 20 points per category. The interconnection of two water systems for the purpose of buying and selling water or creating an emergency backup of all or a portion of a system's needs is a "Regional project" and receives the maximum 20 points. See Exhibit A, page 7, Category 2 - - Project Delivery paragraph (e). The Project met this requirement of a "Regional project".

10. The Project underwent prioritization by the Water Management Council; was approved and forwarded to the KIA; and received funding by the legislature in March, 2003.

11. In 2005 the route of the water line necessary for the Project was changed. This change required additional funding due to an increase in the length of the line and the need for a new pump station. The new route also provided water to customers otherwise without access to public water. Another Kentucky Water Project Profile was submitted to the Water Management Council entitled "Regional Interconnection With Frankfort (Phase II) With a Tap On Fee, Booster Pump

Station and Extension Along Spring Station Road” (the Phase II Project; the Project and the Phase II Project are collectively referred to as the Projects). The Phase II Project, submitted in the Fall of 2005, underwent prioritization by the Water Management Council; was approved and forwarded to KIA; and received funding by the legislature in 2007.

12. The Projects were delayed significantly due to a sensitive process of negotiation of easements down scenic rural roads with a healthy tree line, stone fences, and historic horse farms. A portion of the water line was completed in August, 2011. The completion of the Projects, including the connection with Frankfort, is expected to occur in the early summer of 2012.

13. Versailles is an active member of the Water Management Council and participated in meetings where the Projects were discussed, prioritized, and approved. In addition the Woodford County Judge Executive periodically held meetings, at which the Water District and Versailles were present, to discuss and prioritize the water and sewer needs of the county. The Projects were fully reviewed, discussed, and prioritized at such meetings. At no time did Versailles object to either project, the connection with Frankfort, or notify the Water District that it interpreted the contract between the Water District and Versailles to mean that the Water District was required to purchase all of its water up to 15,000,000 gallons per month from Versailles or otherwise purchase a minimum amount of water from Versailles.

14. The first, and only, communication the Water District received from Versailles since the Water District began to plan the Project in 2002 regarding the volume of water to be purchased by the Water District from Versailles pursuant to the contract between the two was a letter from Bruce Southworth, Versailles Public Works Director, to myself on behalf of the Water District dated September 17, 2010 a true and correct copy of which is attached hereto as

Exhibit B. The letter from Mr. Southworth requests an amendment to the contract between Versailles and the Water District in order to provide for a minimum monthly water purchase requirement of 12 million gallons. I responded on behalf of the Water District by letter dated October 8, 2010, a true and correct copy of which is attached as Exhibit C, declining to amend the contract as requested.

15. The Water District does not believe the contract with Versailles creates an obligation to purchase its first 15,000,000 gallons of water each month from Versailles. Mr. Southworth's September 17, 2010 letter does not suggest that the Water District has an obligation to purchase its first 15,000,000 gallons of water each month from Versailles. If Versailles believed the contract required the Water District to purchase its first 15,000,000 gallons from Versailles each month then it would not make sense for Versailles to expect, in addition to that requirement, the Water District to guarantee a minimum purchase amount. Mr. Southworth's letter, and Versailles' failure to object or speak up during the many Water Management Council and other meetings, shows that Versailles did not view the contract with the Water District as containing a requirement that the Water District purchase all of its water from Versailles up to 15,000,000 gallons per month.

16. On or about March 23, 2004 I requested the opinion of Gerald E. Wuetcher, Assistant General Counsel of the Public Service Commission, as to whether the contract between the Water District and Versailles prohibited the Water District from purchasing water from another supplier. Mr. Wuetcher responded to my request by an email dated March 23, 2004 and stated that his review of the contract "... did not indicate any provisions that required North East Woodford County Water District to purchase its water requirements exclusively from Versailles." A true and correct copy of this email is attached hereto as Exhibit D.

17. Since neither the Water District, Versailles, or the Public Service Commission viewed the contract between Versailles and the Water District as imposing an obligation on the Water District to purchase water exclusively from Versailles the Water District entered into the Water Supply Agreement with Frankfort which provides in paragraph 2 that the minimum consumption by the Water District shall be 3,000,000 gallons per month computed on an annual basis.

18. Frankfort would not agree to supply water to the Water District unless the Water Supply Agreement contained the 3,000,000 gallon per month minimum consumption provision. Thus, in order to obtain the alternate supply and relying on the lack of any objection by Versailles to the Projects, and the opinion of the Public Service Commission, the Water District entered into the Water Supply Agreement. In any event, in order for a supplementary supply of water to be useful for the Water District and its customers it is necessary to maintain a daily flow of water through the connection resulting in a water purchase from Frankfort of at least 1,128,000 gallons per month. See Testimony of Warner A. Broughman, III.

19. The Proposed Rate Schedule submitted by Versailles seeks to require the Water District to purchase its first 15,000,000 gallons of water each month from Versailles. The Proposed Rate Schedule should not be approved. The Water District is not obligated to purchase its water exclusively from Versailles and it should not be required to do so in this proceeding. Approval of the Proposed Rate Schedule would force the Water District to either abandon its Water Supply Agreement with Frankfort thereby depriving its customers of the benefit of a supplementary water supply and emergency back up, or, require the Water District to pay twice for water in order to comply with the Proposed Rate Schedule and provide the supplementary

water supply and emergency back up. Versailles appears concerned that its revenues are, or will be, insufficient to meet the financial obligations of maintaining its system. If this is the case, then its proper remedy is to seek an increase of its rates as to all customers instead of placing the burden on a single customer.

Further Affiant saith not.



JOHN S. DAVIS
Chairman of the Board of Commissioners
of Northeast Woodford County Water District

STATE OF KENTUCKY
COUNTY OF WOODFORD

Subscribed and sworn to before me by JOHN S. DAVIS on this 2nd day of March, 2012

My Commission expires: 7/20/2015



NOTARY PUBLIC, STATE AT LARGE

EXHIBIT “A”

TO TESTIMONY OF JOHN S. DAVIS

METHODOLOGY FOR RANKING WATER & WASTEWATER PROJECTS FOR STATE FUNDING

1.0 BACKGROUND AND PURPOSE

The following methodology is for use by water management planning councils for ranking water and wastewater projects for state funding. It was developed by a committee of Area Development District water management planning coordinators and KIA staff. Each project submitted for ranking must complete the *Statewide Funding Plan Application* and submit the application to KIA.

The methodology recognizes the need for a uniform statewide priority while still maintaining some amount of local input. In utilizing the priority ranking for the development of county and regional priorities, water management planning councils must be cognizant of the following:

- Only projects dealing with the provision of **potable water and wastewater services** should be prioritized. Stormwater projects that relate to the wastewater system should be included, e.g. (1) system rehabilitation projects that involve removing infiltration and inflow from sewer systems (line relining and replacement, manhole sealing and replacement, etc.) and (2) projects that divert stormwater from sewer systems thereby lowering the volume of water that is treated at the wastewater treatment plant. Other stormwater projects should not be included, e.g. (1) projects for stormwater drainage where there is no direct relationship to the sewer system (retention basins, cleaning ditches, etc.) and (2) projects for stormwater quality (best management practices) that don't involve the sewer system.
- Projects should be **accurately** categorized as providing services to the type of project; unserved, underserved, industrial and commercial development, other needs, or a combination of the above.
- After ranking projects according to the guidelines below, the project owner must categorize their project as one of the categories outline in Section 2 below based on the primary goal of the project. For example, if a project is a combination project, the project owner must identify if the primary goal of the project is serve unserved or underserved and place it in the appropriate category.

- Projects should be **accurately** designated as being regional or non-regional using the criteria listed below.
- Written documentation of a water management planning council's evaluation criteria and project ranking process must be made available to potential applicants and to KIA.

2.0 CATEGORIES OF PROJECTS FOR FUNDING

- A. Unserved** – a project whose primary purpose is to provide water or wastewater services to households and businesses not presently served by a utility, including expansion of capacity at a water or wastewater treatment plant and upgrading transmission lines and pumping facilities necessary to be able to provide service to an unserved area. A project that abates tap-on bans to allow additional households to be served is considered unserved.
- B. Underserved** – a project that will improve the quality, quantity, or reliability of the delivery of water or wastewater services currently being provided to households or businesses including those necessary to meet regulatory requirements. Examples of underserved projects include renovations at water and wastewater treatment plants; upgrading distribution and transmission lines and storage and pumping capacity to address water quality, water quantity, and pressure issues; renovating and replacing water transmission and distribution lines to address water loss; renovation and replacement of sewer systems to address overflows; projects necessary to address security issues including interconnections for emergency water supply, and measures to protect the water quality at drinking water intakes.
- C. Economic Development** – a project whose primary purpose is to serve commercial or industrial facilities that create or retain jobs or lead to enhanced economic activity including projects that will provide new or improved service to an industrial park, industrial customer, commercial park, or commercial customer. Expansions of capacity at a water treatment plant or a wastewater treatment plant or upgrading existing transmission lines when the primary purpose is to serve industrial and commercial development are also included.
- D. Connectivity & Cooperation** – a project that would eliminate duplication of service; a project that is necessary for the creation of a new regional entity; a project that leads to the creation of multi-jurisdictional utility commissions, special districts, authorities or corporations; a project that leads to the consolidation of operation or management of multiple systems, which may

include but not be limited to regional facilities, smaller systems, or on-site systems; a project that leads to the merger, consolidation or combination of two or more existing facilities or systems; a project that provides system connectivity with pipes of at least 6 inches in diameter; or a project that leads to the interconnection of two water systems for the purpose of buying or selling water or creating an emergency backup of at least 25 percent of a system's water supply needs.

3.0 PRIORITIZING AND RANKING PROJECTS

Category 1 -- Type of Project (20 Points Maximum)

Each project considered for ranking as a "service project" is sponsored by an individual system, which provides water or wastewater service to households and businesses not presently served by a public water or wastewater system and/or significantly improves water or wastewater service (quality/quantity/reliability of delivery)

Types of Projects:

Unservd – See definition in Section 2.

Underserved – See definition in Section 2.

Economic Development - See definition in Section 2.

Other - a project that doesn't fit any other project definition.

Combination – a project that includes elements of more than one of the three project types, unserved, underserved, and industrial and commercial development

Feasibility Studies – a project to plan the best method for delivering water and wastewater services. Feasibility studies allow the determination for the most cost effective delivery of services.

Feasibility studies may include but are not limited to the following (either individually or in combination):

- Technical -- water loss audits; evaluation of regional water supplies and wastewater disposal; research and demonstration projects for new technology; inflow and infiltration studies; compliance assessments
- Financial -- financial analysis of utility operations; cost of service analysis; design and planning for rates structures
- Managerial -- management assessments; studies to determine the feasibility of consolidation of operations and management

Master plans to determine the most feasible method of providing water and wastewater service are considered feasibility studies. However, a 201 facilities plan, with limited regional implications, to be conducted only to meet the planning requirements necessary for a Division of Water construction permit is not considered a feasibility study.

All feasibility studies will not be ranked under these guidelines. The KIA Board will consider all studies and make recommendations accordingly.

Priority points for this category will be calculated as indicated on Page 5 with the maximum for the category totaling to 20 points:

A. Unserved Project

Average of 9 or greater unserved households per mile – 20 points

Average of 7-8 unserved households per mile – 19 points

Average of 5-6 unserved households per mile – 18 points

Average of 3-4 unserved households per mile – 15 points

Average of 1-2 unserved households per mile – 10 points

Average of less than 1 unserved household per mile – 5 points

B. Underserved Project

80-100% of total customer base impacted by project – 20 points

60-79% of total customer base impacted by project – 19 points

40-59% of total customer base impacted by project – 18 points

20-39% of total customer base impacted by project – 15 points

10-19% of total customer base impacted by project – 10 points

less than 10% of customer base impacted by project – 5 points

C. Economic Development Project

100 or more new jobs created or jobs retained – 20 points

75-99 new jobs created or jobs retained – 19 points

50-74 new jobs created or jobs retained – 18 points

20-49 new jobs created or jobs retained – 15 points

10-19 new jobs created or jobs retained – 10 points

less than 10 new jobs created or jobs retained – 5 points

D. Other Projects

Projects other than unserved, underserved, and industrial and commercial development – 3 points

E. Combination Project

Calculate priority points as unserved, underserved, and industrial and commercial development as applicable, use the most favorable, then add 3 points for being a combination project (maximum of 20 points)

F. Feasibility Studies

Feasibility studies will be not ranked under these guidelines. The KIA Board will consider all such projects and make recommendations accordingly.

Category 2 -- Project Delivery (20 Points Maximum)

The project will be categorized as **regional** or **non-regional**.

Regional projects are projects involving two or more systems that, through shared or consolidated resources, improve services to consumers and achieve economy of scale. This includes interconnections between two or more systems (for emergency, drought, storage, hydraulics, etc.) Specifically, a regional project involves:

- (a) the creation of expanded service areas which take in a large geographic area and multiple systems;
- (b) the creation of multi-jurisdictional utility commissions, special districts, authorities or corporations;
- (c) the consolidated operation or management of multiple systems, which may include but not be limited to regional facilities, smaller systems, or on-site systems;
- (d) the merger, consolidation or combination of two or more existing facilities or systems; or
- (e) the interconnection of two water and/or wastewater systems for the purpose of buying or selling water/wastewater treatment or creating an emergency backup of all or a portion of a system's needs.

Regional Projects – 20 points

Non-regional Projects – 5 points

Category 3 -- Project Status (20 Points Maximum)

The project will be categorized based on its status relative to the planning process, the status of the development of engineering plans and specifications, and the detail of the data used to develop the estimated cost of the project. Projects that are further along in the process will receive a higher priority as indicated below.

Engineering plans and specifications completed and submitted to the Division of Water – 20 points

Preliminary engineering report completed – 15 points

Engineering procurement for design completed – 10 points

Cost estimate in project profile provided by licensed engineer – 10 points

Information in project profile based on preliminary planning by system – 5 points

Category 4 -- Funding Status (20 Points Maximum)

The project will be categorized based on its status relative its size and the funding needed to execute the project. Projects that are further along in the funding process will receive a higher priority as indicated below.

A. For Projects with estimated costs greater than \$100,000

- (1) Projects that have funding committed through grants, loans, or local funds for 50 percent or more of the estimated project cost – 20 points**
- (2) Projects that have funding committed through grants, loans, or local funds for 25-49 percent of the estimated project cost – 10 points**
- (3) Projects that have funding committed through grants, loans, or local funds for 1- 25 percent of the estimated project cost – 5 points**
- (4) Projects that have pending applications for grants or loans for the project but no funds committed – 3 points**

B. For projects with estimated costs of \$100,000 or less – 10 points

Category 5 -- Local Need (20 Points Maximum)

The project will be assigned priority points based on its importance to the county as determined by consensus of a group attending an invited meeting. The invited group should be the county judge, the mayor of each city, and the board chair and manager of each utility providing water or wastewater service in the county.

- The most important project in the county – 20 points**
- The second most important project in the county 16 points**
- The third most important project in the county – 13 points**
- The fourth most important project in the county – 11 points**
- The fifth most important project in the county – 9 points**
- The sixth most important project in the county – 7 points**
- The seventh most important project in the county – 6 points**
- The eighth most important project in the county – 5 points**
- The ninth most important project in the county – 4 points**
- The tenth most important project in the county – 3 points**
- The eleventh most important project in the county – 2 points**
- The twelfth most important project in the county – 1 point**

Category 6 – Water Management Council (10 Bonus Points)

After each project has been ranked using Priority Categories 1-5, each project will be presented to the regional water management council. The regional council, using the ranking based on Priority Categories 1-5, will choose the projects they deemed to be the most significant projects for the region. The council will be required to select 15% of the ranked projects as the most significant. These projects will receive an additional 10 bonus points.

Optional Category 7 (Listing Tie Breaker) -- Cost Per Connection (No Points Assigned)

In the event that a Water Management Council cannot break a tie in the total points between two or more projects, the following guideline will be used for breaking a tie:

The tie breaker for the listing of projects with the same number of priority points would be the cost per beneficiary (i.e., household, jobs created, etc.) for the area served by the project. The project with the lowest cost per beneficiary would be listed first on the priority list.

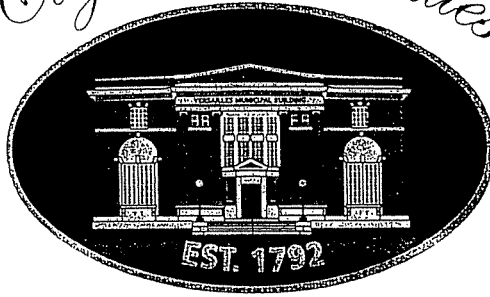
4.0 SUBMIT PROJECTS TO KIA

Each water management planning council will use the above methodology to develop for KIA a priority listing by county for all projects recommended for funding in the water management planning council's area. The regional ranking should be shown on the county list. Assistance from the KIA staff in the ranking process may be provided upon request.

EXHIBIT “B”

TO TESTIMONY OF JOHN S. DAVIS

City Of Versailles



"A Renaissance Kentucky City"

William K. Moore
City Attorney
(859) 873-6207

John F. Wilhoit
Police Chief
(859) 873-3126

Frankie Shuck
Fire Chief
(859) 873-5829

Fred Siegelman
Mayor
(859) 873-4581

Allison B. White
Clerk/Treasurer
(859) 873-5436

Bruce Southworth
Public Works Director
(859) 873-2245

September 17, 2010

John Davis
Northeast Woodford Water District
225 South Main Street Suite A
Versailles Kentucky, 403833

Dear Mr. Davis

The City of Versailles is requesting an amendment to the contract between the City and the District to require the Northeast Woodford Water District to purchase a minimum of 12 million gallons of water from the City each month.

This request is being made in order to ensure that the City will continue to receive the revenues necessary to meet its responsibilities under the bonds issued to construct the new water treatment facilities.

The City obtained authority to construct and bond its water processing facilities based, in part, upon its contractual obligation to provide water to the District. The relevant usage period for purposes of our permit and bonding was from January 2002 through December 2005. Our records show that the District purchased an average of 12,753,227 gallons per month during this period.

Based upon this usage history, a minimum monthly purchase requirement of 12 million gallons appears very reasonable.

Please do not hesitate to contact me to schedule a meeting with you or your Board of Directors if you wish to discuss this matter in further detail.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce Southworth", written over a horizontal line.

Bruce Southworth
Public Works Director



196 South Main Street, P.O. Box 625, Versailles, Kentucky 40383

EXHIBIT “C”

TO TESTIMONY OF JOHN S. DAVIS

Northeast Woodford Water District
225-A South Main Street
Versailles, Kentucky 40383

October 8, 2010

Bruce Southworth
Public Works Director
196 South Main Street
P.O. Box 625
Versailles, Kentucky 40383

Dear Mr. Southworth,

In response to your letter of September, 17, 2010, the Northeast Woodford Water District has considered your request for an amendment to the contract between the City of Versailles and this District. The Commissioners do not feel it is necessary to amend the contract to include a minimum purchase of 12 million gallons of water from the City on a monthly basis.

Sincerely,



John S. Davis
Chairman

EXHIBIT “D”

TO TESTIMONY OF JOHN S. DAVIS

Subj: **Wholesale Contract Between Versailles and North East Woodford County Water District**
Date: 3/23/04 1:10:53 PM Pacific Standard Time
From: jwuetcher@ky.gov
To: jsdthree876@cs.com
File: **Versailles-NorthEastWoodfordCountyWDContract.pdf** (667376 bytes) DL Time (37333 bps): < 5 minutes

I have reviewed the two contracts between Versailles and North East Woodford County Water District that are in the Public Service Commission's files. These are: the 17 May 1966 Water Purchase Contract between the two entities and a 3 August 1994 Amendment to that contract. My review did not indicate any provisions that required North East Woodford County Water District to purchase its water requirements exclusively from Versailles.

For your reference, I am attaching a copy of the two documents.

Gerald E. Wuetcher
Assistant General Counsel
Kentucky Public Service Commission
(502) 564-3940, Ext. 259
jwuetcher@ky.gov <mailto:jwuetcher@mail.state.ky.us>

<<Versailles-North East Woodford County WD Contract.pdf>>

This message contains information which is confidential. It is for the exclusive use of the intended recipient(s). If you are not the intended recipient(s) please note that any form of distribution, copying, forwarding or use of this communication or the information in it or attached to it is strictly prohibited and may be unlawful.

If you have received this communication in error please return it to the sender, and then delete the e-mail and destroy any copies of it. Thank you.

----- Headers -----

Return-Path: <jwuetcher@ky.gov>
Received: from rly-ye05.mx.aol.com (rly-ye05.mail.aol.com [172.18.204.37]) by air-ye04.mail.aol.com (v98.19) with ESMTP id MAILINYE41-2544060a7ad323; Tue, 23 Mar 2004 16:10:50 -0500
Received: from exchhub2.state.ky.us (exchhub2.state.ky.us [162.114.80.102]) by rly-ye05.mx.aol.com (v98.5) with ESMTP id MAILRELAYINYE56-2544060a7ad323; Tue, 23 Mar 2004 16:10:05 -0500
Received: by exchhub2.state.ky.us with Internet Mail Service (5.5.2657.72) id <H3G1XYQM>; Tue, 23 Mar 2004 16:00:45 -0500
Message-ID: <FE307E773A7C4C41917DB54C32BDAF46157CCA@pscmt4.state.ky.us>
From: jwuetcher@ky.gov
To: jsdthree876@cs.com
Subject: Wholesale Contract Between Versailles and North East Woodford County Water District
Date: Tue, 23 Mar 2004 15:50:56 -0500
Return-Receipt-To: jwuetcher@ky.gov
MIME-Version: 1.0
X-Mailer: Internet Mail Service (5.5.2657.72)
Content-Type: multipart/mixed;
boundary="-----_NextPart_000_01C41118.8A125100"
X-AOL-IP: 162.114.80.102
X-AOL-SCOLL-SCORE: 0:XXX:XX
X-AOL-SCOLL-URL_COUNT: 0