

**MARION COUNTY WATER DISTRICT
1835 CAMPBELLSVILLE ROAD
P O BOX 528
LEBANON, KY 40033**

Telephone: 270-692-2004
Fax: 270-692-1010
TTY 1-800-648-6956 or 711

January 8, 2013

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
PO Box 615
Frankfort KY 40602-0615

RECEIVED
JAN 14 2013
PUBLIC SERVICE
COMMISSION

RE: Case No. **2012-00508**

Dear Mr. Derouen:

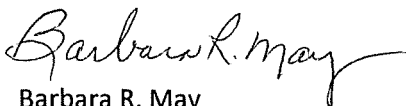
Enclosed are items requested by the Public Service Commission detailed in an email from Gerald E. Wuetcher, dated January 8, 2013. A copy of this email is enclosed.

Items included are:

1. Estimated cost of operation of the proposed facilities once the new water line is placed in service
2. Detailed estimate of the construction costs by Uniform System of Account Number
3. The project required the approval of the Kentucky Division of Water. This approval was submitted via email to Mr. Wuetcher on January 8, 2013. No other approvals are required except for the Certificate of Public Convenience and Necessity.

We appreciate the assistance of the PSC staff, in particular Mr. Wuetcher. This project is important to the efficient operation of the District and we look forward to getting to construction.

Sincerely,



Barbara R. May
Chairperson

Enclosures

**MARION COUNTY WATER DISTRICT
CASE NO. 2012-00508**

ESTIMATED COST OF OPERATION OF PROPOSED FACILITIES ONCE NEW FACILITIES
ARE IN SERVICE

	2013 Budget	After Construction Budget ¹
Operation & Maintenance Expenses	\$ 2,043,025.00	\$ 2,043,025.00 ²
Depreciation Expense	\$ 400,000.00	\$ 414,000.00
Amortization Expense	\$ -	\$ -
Taxes Other than Income	\$ 25,500.00	\$ 25,500.00
 Net Utility Operating Expenses	 \$ 2,468,525.00	 \$ 2,482,525.00

¹ Construction is estimated to take 90 days. Project will be complete prior to the end of year 2013.

² Marion County Water District experienced 3 line breaks in year 2012 in the line being replaced. Estimated water loss was 0.5m to 1.0m gallons or approximately \$1,430 to \$2,860. Replacing this line should save the District funds in the future because of fewer line breaks in this area; however, this savings is very difficult to quantify.

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Estimated Construction Costs by Uniform System of Accounts

Account #	Description	Construction Cost
331	Transmission & Distribution Mains	\$ 528,180.00
335	Hydrants	\$ 20,000.00
	Total Cost	\$ 548,180.00