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Secretary
Energy and Environment Cabinet

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James W. Gardner
Vice Chairman

Linda K. Breathitt
Commissioner

January 14, 2013

Joseph H. Mattingly III, Esq.
County Attorney
P. O. Box 681
Lebanon, Kentucky 40033

Ms. Holly L. Nicholas
Kentucky Engineering Group, PLLC
P.O. Box 1034
Versailles, Kentucky 40383

Ms. Barbara R. May
Mr. Jimmy Mudd
Marion County Water District
P.O. Box 528
Lebanon, Kentucky 40033

Re: Case No. 2012-00508
Marion County Water District

Ladies and Gentlemen

The enclosed documents have been filed in the record of the above-referenced case. Any objections to this action should be submitted to the Commission within five days of receipt of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

gw
Enclosures

Wuetcher, Jerry (PSC)

From: Holly Nicholas <hnicholas@kyengr.com>
Sent: Wednesday, January 09, 2013 8:59 AM
To: Wuetcher, Jerry (PSC)
Cc: jhmlaw@windstream.net; 'Jimmy Mudd'
Subject: PSC Items - Marion County Water District - Case No. 2012-00508
Attachments: PSC Items - Case No 2012-00508.pdf

Jerry:

Attached is a PDF file that contains the items requested in the email you sent me yesterday for the Marion County Water District.

Please let me know if we need to mail the originals or if there are any questions or other information needed.

Thank you for your prompt attention to this case.



Holly L. Nicholas
Kentucky Engineering Group, PLLC
P.O. Box 1034
Versailles, KY 40383
Office: 859.251.4127
Office Fax: 859.251.4137
Cell: 859.333.9742
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Notice: The information contained in this communication is privileged and confidential. It is intended only for the recipient named above. If you have received this communication in error, please contact the sender at (859) 251-4127 and delete this message from your system.

**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

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

Dear Mr. Derouen:

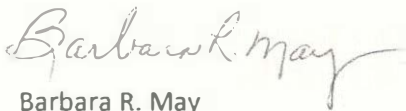
Enclosed are items requested by the Public Service Commission detailed in an email from Gerald E. Wuetcher, dated January 8, 2013. A copy of this email is enclosed.

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

Holly Nicholas

From: Wuetcher, Jerry (PSC) [JWuetcher@ky.gov]
Sent: Tuesday, January 08, 2013 10:22 AM
To: 'hnicolas@kyengr.com'; 'jhmlaw@windstream.net'
Cc: Smith, Renee C (PSC); Weber, Teresa D (PSC); Wakim, George W (PSC); Bryant, Sam (PSC); Rice, James D (PSC); Reid, Sam H (PSC)
Subject: Case No. 2012-00508: Marion County Water District

Ms. Nicholas and Mr. Mattingly:

Commission Staff has reviewed the application in the above-referenced case and has found that the application does not comply with the provisions of 807 KAR 5:001 in the following areas:

- The application does not contain an estimated cost of operation of the proposed facilities once these facilities are placed into service.
- The application does not contain a detailed estimate of the construction costs by Uniform System of Account Number. (If all costs will be assigned to one account, then the application should identify this account.)
- The application does not contain copies of the franchises or permits from the proper public authority for the proposed construction. (Since my telephone conversation on 1/4/2013 with Ms. Nicholas, a copy of the Division of Water approval has been e-mailed to the Commission and a copy has been filed in the case record. The application, however, should state that the only approval required for the proposed construction, aside from a Certificate of Public Convenience and Necessity, is from DOW and that this approval has been obtained.)

Since my telephone conversation with Ms. Nicholas, Commission Staff has located the maps and plans and specifications for the proposed project submitted with the application. The application complies with 807 KAR 5:001 in this respect.

The Commission's Executive Director has not yet formally rejected the application for filing purposes. A notice of this rejection will not be issued before 1/11/2013. If the materials can be submitted by that day, no formal notice will be issued.

On a related note, I have advised the Executive Director that Marion County Water District's bids will expire on 1/29/2013. The Commission will make every effort to complete its review before 1/29/2013.

This notice is provided as a courtesy. It does not constitute official notice of the acceptance or rejection of Marion County Water District's application. If you have any questions, please contact me.

Respectfully,

Gerald E. Wuetcher
Executive Advisor/Attorney
Public Service Commission of Kentucky
gerald.wuetcher@ky.gov
Office: (502) 564-3940
Direct: (502) 782-2590
Cell: (502) 229-6500

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

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

	<u>2013 Budget</u>	<u>After Construction Budget¹</u>
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.

MARION COUNTY WATER DISTRICT
CASE NO. 2012-00508

Estimated Construction Costs by Uniform System of Accounts

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