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CHARLES S. MUSSON W. RANDALL JONES CHRISTIAN L. JUCKETT

August 29, 2016

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AUG 3 1 2016

Public Service

Commission

Ms. Talina R. Mathews Executive Director Public Service Commission P.O. Box 615 Frankfort, Kentucky 40602

Re: Southern Water and Sewer District - Case No. 2016-00294

Dear Ms. Mathews:

In response to the August 24, 2016 PSC staff deficiency letter, enclosed please find the original and ten copies of a letter from Summit Engineering regarding the estimated annual cost of operation of the Southern Water and Sewer District after the proposed facilities are placed in service.

The proposed budget is being filed to satisfy the requirement set forth in 807 KAR 5:001: Section 15(2)(f).

If you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By W. Randall Jones

WRJ:jlm Enclosures

cc: Distribution List



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Public Service Commission

RE: Harold Sewer Project Phase 3 Operational Cost

To Whom It May Concern:

Southern Water and Sewer District (SWSD) recently entered into an agreement with Prestonsburg City Utilities Commission (Prestonsburg) to handle operations of all sewer portions of the SWSD system. Prestonsburg indicates that the addition of Phase 3 will not result in an increased cost of operation fee.

The residential grinder pumps associated with the project, once installed, belong to the home or business owner and are the responsibility of the home or business owner. SWSD is not responsible for operation, maintenance, or replacement of the residential grinders.

The Harold Wastewater Treatment Plant is currently operating at well under its capacity. Increased flow to the plant is not anticipated to result in additional cost due to the increased efficiency of operating the plant closer to design parameters.

There will be additional electricity costs for the new Magnolia Drive lift station. Based on a 9 cent kilowatt hour price and pumping 90,000 gallons per day, the electric cost has been calculated to be \$3.65 per day.

If you should have any questions, please contact me at our office at 859-264-9860 ext. 104 or by email at dmotsch@summit-engr.com.

Sincerely,

R. Derek Motsch, PE Summit Engineering, Inc. 3205 Summit Square Place

Lexington, Kentucky 40509

P.O. Box 3007, Pikeville, Kentucky 41502 Phone 606-432-1447 3205 Summit Square Place, Lexington, Kentucky 40509 Phone 859-264-9860