P.S.C. KY. NO. 1

CANCELLING P.S.C. KY. NO. _____

LETCHER COUNTY WATER & SEWER DISTRICT

156 MAIN STREET
SUITE 107
P.O. BOX 827
WHITESBURG, KENTUCKY
41858

RATES & CHARGES
AND
RULES & REGULATIONS
FOR FURNISHING
WATER SERVICE

IN

LETCHER COUNTY

KENTUCKY

FILED WITH THE

PUBLIC SERVICE COMMISSION

OF

KENTUCKY

DATE OF ISSUE 1/25/2006
Month / Date / Year

DATE EFFECTIVE 1 / 06 / 2006
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ISSUED BY _____
(Signature of Officer)

TITLE Director

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2005-00481 DATED 12 / 21 / 2005

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
3/9/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By _____
Executive Director

FOR Letcher County Water & Sewer District
Community, Town or City

P.S.C. KY. NO. 1

Original SHEET NO. 1

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

Letcher County Water & Sewer District
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A. MONTHLY RATES:

5/8" x ¾" Meter	
First 2,000 Gallons	$22.00 Minimum Bill
Each 1,000 Gallons Thereafter	$6.00

B. DEPOSITS:

Per Meter	$60.00

C. METER CONNECTION / TAP-ON CHARGES:

5/8 Inch x ¾ Inch	$350.00*
All Larger Meters	Actual Cost

***NOTE**: The District shall establish a meter connection / tap-on payment plan with any potential customer who documents that he or she is low to moderate income by the standards set by the United States Department of Housing and Urban Development (HUD).

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D. SPECIAL NON-RECURRING CHARGES:

Late Payment Penalty	10%
Meter Relocation Charge	Actual Cost
Re-connection Charge	$45.00
Returned Check Charge	$20.00

E. PURCHASED WATER RATES:

City of Blackey	$2.90 per 1,000 gallons

F. LEAK ADJUSTMENT RATE: $2.90 per 1.000 gallons

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RULES AND REGULATIONS

The following are the rules and regulations of the Letcher County Water and Sewer District (District). The schedule of rates prescribed herein will be uniformly charged to all customers of the utility. No one will receive or be entitled to free service by the utility. No employee or individual commissioner of the utility is permitted to make an exception to these rates, rules, or regulations. These rules and regulations are subject to change by the utility at any time, subject to the approval of the Public Service Commission.

A. Service Information.

1. Upon request the utility will give its customers or prospective customers such information as is reasonably possible in order that they may secure safe, efficient, and continuous service. The utility will inform its customers of any change made or proposed in the character of its service that might affect the efficiency, safety, or continuity of operation.

2. The utility will obtain the approval of the Public Service Commission prior to making any substantial change in the character of the service furnished that would affect the efficiency, adjustment, speed, or operation of the equipment or appliances of any customer. The application will show the nature of the change to be made, the number of customers affected, and the manner in which they will be affected.

3. Upon request the utility will provide the following information to any applicant/customer:

a) Characteristics of Water. A written description of chemical constituents and bacteriological standards of the treated water as required by the Natural Resources Cabinet.

b) Rates. A schedule of rates for water service applicable to the service to be rendered to the customer.

c) Reading Meters. Information about the method of reading meters.

d) Bill Analysis. A statement of the past readings of a customer's meter for a period of two (2) years.

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B. Special Rules or Requirements.

1. The utility cannot establish any special rule or requirement without first obtaining the approval of the Public Service Commission.

2. A customer that has complied with Public Service Commission rules and regulations cannot be denied service for failure to comply with the utility's rules that have not been approved by the Public Service Commission.

3. Each prospective customer desiring water service will be required to sign the utility's Water Service Contract before service is supplied by the utility.

4. No customer is allowed to resell water except under the terms of a special contract executed by the utility and approved by the Public Service Commission.

C. Billings, Meter Readings, and Related Information.

1. Information on bills. Each bill issued by the utility will clearly show the following, if applicable: class of service; present and last preceding meter readings; date of the present reading; number of units consumed; meter constant, if any; net amount for service rendered; all taxes; any adjustments; and the gross amount of the bill. The date after which a late payment penalty applies to the gross amount will also be indicated. Estimated or calculated bills will be distinctly marked as such. The rate schedule under which the bill is computed will be furnished under one (1) of the following methods:

a) By printing it on the bill.

b) By publishing it in a newspaper of general circulation once each year.

c) By mailing it to each customer once each year.

d) By providing a place on each bill where a customer may request a copy of the applicable rates. The utility will mail the customer a copy by return first class mail.

2. Bill format. A copy of the utility's billing form will be included in the utility's tariff.

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3. Meter readings. Registration of each meter shall read in the same units as used for billing unless a conversion factor is shown on the billing form.

4. Frequency of meter reading. Unless prevented by reasons beyond the utility's control, meter readings will be taken every month. Records will be kept by the utility to insure that this information is available to Public Service Commission staff and any customer requesting this information. If, due to reasons beyond its control, the utility is unable to read a meter in accordance with this subsection, the utility will record the date and time the attempt was made, if applicable, and the reason the utility was unable to read the meter.

5. Related Information.

a) Bills and notices related to the utility's business will be mailed to the customer at the address listed on the Water Service Contract unless a change of address has been filed with the utility in writing. The utility will not otherwise be responsible for delivery of any bill or notice nor will the customer be excused from the payment of any bill or any performance required in the notice.

b) Water service will be billed monthly between the 1st and 5th of each month.

c) Bills are payable and due on the date of issuance.

d) Payment must be received, not postmarked, before the close of business on the twentieth day of the month; otherwise, the delinquent bill will be assessed the late payment penalty approved and on-file with the Public Service Commission.

e) The late payment penalty will be assessed on the delinquent amount of the bill, less taxes and any prior penalty amounts. Pursuant to 807 KAR 5:006 Section 8 (3)(h), a penalty may be assessed only once on any bill for rendered services.

f) With the exception of existing connections, the existence of a special contract, or unusual circumstances requiring approval of the utility, a single meter can serve no more than one residential or commercial unit on and after the effective date of this tariff.

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g) For existing connections, special contracts, or other utility approved situations, where two or more units are being served by one meter, the following rules apply:

1) One bill per meter will be sent to the customer that signed the Water Service Contract.

2) The bill will consist of a charge in the amount of the utility's minimum bill multiplied by the number of units the meter serves. The amount of water included with a minimum bill will be multiplied by the number of units and deducted from the total amount of consumption. The remaining consumption will be evenly distributed among each unit, added to each unit's minimum bill, with the charges calculated in accordance with the currently approved rate schedule.

3) The customer that signed the Water Service Contract will be fully and solely responsible for the charges associated with the connection including payment for all water passing through the meter, regardless of which unit is responsible for the water consumption.

D. Deposits.

1. Deposits to secure payment. The utility may require a minimum cash deposit or other guaranty to secure payment of bills.

2. Equal Deposits. An equal deposit amount for each class of customers will be established based on the average annual bill of customers in that class. Deposit amounts will not exceed two-twelfths (2/12) of the average annual bill of customers in each class where bills are rendered monthly. Deposit amounts are listed in the Rates and Charges section of this tariff.

3. Recalculation of deposits. If the utility retains the deposit for more than eighteen (18) months, it will notify customers in writing that, at the customer's request, the deposit will be recalculated every eighteen (18) months based on actual usage of the customer. The notice of deposit recalculation will be included either on the customer's application for service or on the receipt of deposit, or may be included annually with or on customer bills. The notice of deposit recalculation will state that if the deposit on account differs by more than ten (10) dollars for

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residential customers, or by more than ten (10) percent for nonresidential customers, from the deposit calculated on actual usage, then the utility will refund any over-collection and may collect any underpayment. Refunds will be made either by check or by credit to the customer's bill, except that the utility will not refund any excess deposit if the customer's bill is delinquent at the time of recalculation.

4. Waiver of Deposits. The deposit may be waived upon a customer's showing of satisfactory credit or payment history. In determining whether a deposit will be required or waived, the following criteria will be considered:

a) Previous payment history with the utility. If the customer has no previous history with the utility, statements from other utilities, banks, etc. may be presented by the customer as evidence of good credit.

b) Whether the customer has an established income or line of credit.

c) Length of time the customer has resided or been located in the area.

d) Whether the customer owns the property to be served.

e) Whether another customer with a good payment history is willing to sign as a guarantor for an amount equal to the required deposit.

5. Additional deposit requirement. If a deposit has been waived or returned and the customer fails to maintain a satisfactory payment record, the utility may require that a deposit be made. The utility may require a deposit in addition to the initial deposit if the customer's classification of service changes or if there is a substantial change in usage.

6. Receipt of deposit. The utility will issue a receipt to every customer that pays a deposit. The receipt will show the name of the customer, location of the service or customer account number, date, and amount of deposit. If the notice of recalculation described in this section is not included in the utility's application for service or mailed with customer bills, the receipt of deposit will contain the notification. If deposit amounts change, the utility will issue a new receipt of deposit to the customer.

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7. Deposits as a condition of service. Service may be refused or discontinued if payment of requested deposits is not made.

8. Interest on deposits. Interest will accrue on all deposits at the rate prescribed by law beginning on the date of the deposit. Interest accrued will be refunded to the customer or credited to the customer's bill on an annual basis, except that the utility will not be required to refund or credit interest on deposits if the customer's bill is delinquent on the anniversary of the deposit date. Upon termination of service, the deposit, any principal amounts, and interest earned and owing will be credited to the final bill with any remainder refunded to the customer.

E. Special Non-recurring Charges.

1. The utility will collect for special non-recurring charges to recover customer-specific costs incurred which would otherwise result in monetary loss to the utility or increased rates to other customers to whom no benefits accrue from the service provided or action taken. The utility may establish or change any special non-recurring charge by applying for Public Service Commission approval of such charge in accordance with the provisions of 807 KAR 5:011, Section 10.

2. Special non-recurring charges will be applied uniformly throughout the area served by the utility. Such charges will relate directly to the service performed or action taken and only yield enough revenue to pay the expenses incurred in rendering the service.

3. The utility will assess a charge for the following non-recurring services:

a) Late Payment Penalty: Will be assessed on the delinquent amount of the bill, less taxes.

b) Meter Relocation Charge: Will be assessed when a customer or other authorized person requests that a meter be relocated, changed, or modified. Those requesting a change must reimburse the utility for the actual costs incurred, including but not limited to appropriate legal, administrative, engineering, overhead, or other related costs.

c) Reconnection Charge: Will be assessed to reconnect service that has been terminated for non-payment of service or for violation of Utility or Public Service Commission rules

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and regulations, and will include the cost of the service trip for both the disconnection and the reconnection.

d) Returned Check Charge: Will be assessed when a customer's check is returned, either due to insufficient funds or other reason due to customer fault.

F. Customer Complaints to the Utility. Upon complaint to the utility by a customer at the utility's office, by the telephone, or in writing, the utility will make a prompt and complete investigation and advise the complainant of its findings. The utility's operator/manager will make a decision within ten (10) days, which the complainant will then have ten (10) days to appeal to the utility's board of commissioners. The customer will receive a final decision from the utility no later than thirty (30) days following the date that the complaint was made. If the complainant is not satisfied with the utility's decision, the utility will provide written notice to the complainant of his/her right to appeal the utility's decision by filing a complaint with the Public Service Commission. The utility will also provide the customer with the address and telephone number of the Public Service Commission. The utility will keep a record of all written complaints. This record will show the name and address of the complainant, the date and nature of the complaint, and the adjustment or disposition of the complaint. Records will be maintained for two (2) years from the date of resolution of the complaint.

G. Bill Adjustments.

1. Fast or slow reading meters:

a) If upon periodic test, requested test, or complaint test, a meter in service is found to be more than two (2) percent fast, additional tests will be made to determine the average error of the meter. The tests will be made in accordance with Public Service Commission rules and regulations applicable to the type of meter involved.

b) If test results on a customer's meter show an average error greater than two (2) percent fast or slow, or if a customer has been incorrectly billed for any other reason, except in an instance where a utility has filed a verified complaint with the appropriate law enforcement agency alleging fraud or theft by a customer, the utility will

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immediately determine the period during which the error has existed, and will recompute and adjust the customer's bill to either provide a refund to the customer or collect an additional amount of revenue from the underbilled customer. Any adjustment to the customer's account will be in accordance with the rules and regulations of the Public Service Commission pursuant to 807 KAR 5:006 Section 10.

c) The utility will readjust the account based upon the period during which the error is known to have existed. If the period during which the error existed cannot be determined with reasonable precision, the time period will be estimated using such data as elapsed time since the last meter test, if applicable, and historical usage data for the customer. If that data is not available, the average usage of similar customer loads will be used for comparison purposes in calculating the time period. If the customer and the utility are unable to agree on an estimate of the time period during which the error existed, the Public Service Commission will determine the issue. In all instances of customer overbilling, the customer's account will be credited or the overbilled amount refunded at the discretion of the customer within thirty (30) days after final meter test results. A utility will not require customer repayment of any underbilling to be made over a period shorter than a period coextensive with the underbilling.

2. Meter read failure. When a meter has ceased to register, or a meter reading cannot be obtained, the quantity of water to be billed will be based upon an average of twelve-months' consumption. If said meter readings are not available for an entire twelve-month period, the water bill will be estimated by the utility, subject to an upward or downward adjustment once a twelve-month average of actual meter readings can be calculated.

3. Monitoring usage. The utility will monitor a customer's usage at least annually in such a way to draw the utility's attention to unusual deviations in a customer's usage. If a customer's usage is unduly high (100% above average) and the deviation is not otherwise explained, the utility will test the customer's meter to determine whether the meter shows an average error greater than two (2) percent fast or slow.

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4. Usage investigation. If the utility's procedure for monitoring usage indicates that an investigation of a customer's usage is necessary, the utility will notify the customer in writing either during or immediately after the investigation of the reasons for the investigation, and of the findings of the investigation. If knowledge of a serious situation requires more expeditious notice, the utility will notify the customer by the most expedient means available.

5. Customer notification. If a meter is tested and it is found necessary to make a refund or back bill a customer, the customer will be notified in substantially the following form:

On_____, 20___, the meter bearing identification No.____ installed in your building located at _____ (street and number) in _____ (city) was tested at _____ (on premises or elsewhere) and found to register _____ (percent fast or slow). The meter was tested on _____ (Periodic, Request, Complaint) test.

Based upon this we herewith _____ (charge or credit) with the sum of $_____, which amount has been noted on your regular bill. If you desire a cash refund, rather than a credit to your account, of any amount overbilled, you must notify this office in writing within seven (7) days of the date of this notice.

H. Status of Customer Accounts during Billing Disputes. With respect to any billing dispute, customer accounts shall be considered to be current while the dispute is pending as long as the customer continues to make undisputed payments and stays current on subsequent bills.

I. Customer's Request for Termination of Service.

1. Any customer desiring service terminated or changed from one address to another shall give the utility three (3) working days' notice in person, writing, or by telephone, provided such notice does not violate contractual obligations. The customer will not be responsible for charges for service beyond the three (3) day notice period if the customer provides proper notification and reasonable access to the meter during the notice period. If the customer notifies the utility of his/her request for termination by telephone, the burden of proof is on the customer to prove that service termination was requested if a dispute arises.

2. Upon request that service be reconnected at any premises subsequent to the initial installation or connection to its service lines, the utility will charge the applicant a reconnect fee as set out in this tariff and approved by the Public Service Commission.

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J. Customer Relations.

1. Display of customer rights. The utility will prominently display in the office in which payment is received a copy of Customer's Rights. If a customer indicates to any utility personnel that he is experiencing difficulty in paying a current utility bill, that employee will refer the customer to the designated representative for explanation of the customer's rights.

2. Partial payment plans. The utility shall negotiate and accept reasonable partial payment plans at the request of residential customers who have received a termination notice for failure to pay, except that a utility is not required to negotiate a partial payment plan with a customer who is delinquent under a previous partial payment plan. Partial payment plans must be mutually agreed upon. Plans which extend for a period longer than thirty (30) days will be in writing and will advise customers that service may be terminated without additional notice if the customer fails to meet the obligations of the plan.

3. Utility inspections of service conditions prior to providing service. The utility will inspect the condition of the meter and service connections before providing service to a new customer so that prior or fraudulent use of the facilities will not be attributed to the new customer. The new customer will be afforded the opportunity to be present at such inspections. The utility will not be required to render service to any customer until any defects in the customer-owned portion of the service facilities have been corrected.

4. Prompt connection of service. The utility will reconnect existing service within twenty-four (24) hours, and will install and connect new service within seventy-two (72) hours, when the cause for refusal or discontinuance of service has been corrected and the rules and regulations of the utility and Public Service Commission have been met.

5. Advance termination notice. When advance termination notice is required, the termination notice will be mailed or otherwise delivered to the last known address of the customer. The termination notice will be in writing, distinguishable and separate from any bill. The termination notice will plainly state the reason for termination, that the termination date will not be affected by receipt of any subsequent bill, and that the customer has the right to dispute the reasons for termination.

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K. Refusal or Termination of Services.

1. The utility may refuse service to a customer under the following conditions.

a) For noncompliance with utility or Public Service Commission rules and regulations. The utility cannot refuse service to any customer for noncompliance without first having made a reasonable effort to obtain customer compliance. After such effort by the utility, service may be refused only after the customer has been given a written notice of refusal stating the reasons for refusal of service.

b) For dangerous conditions. If a dangerous condition exists which could subject any person to imminent harm or result in substantial damage to the property of the utility or others is found to exist on the customer's premises, then service will be refused. The utility will notify the customer in writing and, if possible, orally for the reasons for refusal of service. Such notice will be recorded by the utility and will include the corrective action to be taken by the customer before service can be provided.

c) For refusal of access. When a customer refuses or neglects to provide access to the premises for installation, operation, meter reading, maintenance or removal of utility property, the utility may refuse service. The utility will notify the customer in writing and, if possible, orally for the reasons for refusal of service. Such notice will be recorded by the utility and will include the corrective action to be taken by the customer before service can be provided.

d) For outstanding indebtedness. The utility will not furnish new service to any customer who is indebted to the utility until that customer has repaid the indebtedness.

e) For noncompliance with state, local, or other codes. The utility may refuse service to a customer if the customer does not comply with state, municipal or other codes, rules and/or administrative regulations applying to such service. The utility will notify the customer in writing and, if possible, orally for the reasons for refusal of service. Such notice will be recorded by the utility and will include the corrective action to be taken by the customer before service can be provided.

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ISSUED BY _____
(Signature of Officer)

TITLE Director

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2005-00481 DATED 12 / 21 / 2005

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2. Utility Initiated Termination of Service.

a) The termination notice requirements stated herein will not apply if termination notice requirements to a particular customer or customers are otherwise dictated by the terms of a special contract between the utility and customer which has been approved by the Public Service Commission.

b) When advance termination notice is required, the termination notice shall be mailed or otherwise delivered to the last known address of the customer. The termination notice shall be in writing, distinguishable and separate from any bill. The termination notice shall plainly state the reason for termination, that the termination date will not be affected by the receipt of any subsequent bill, and that the customer has the right to dispute the reasons for termination.

c) The utility may terminate service to a customer under the following conditions with an advance termination notice:

1) For noncompliance with utility or Public Service Commission rules and regulation. The utility cannot terminate service to any customer for noncompliance without first having made a reasonable effort to obtain customer compliance. After such effort by the utility, service may be terminated only after the customer has been given at least ten (10) days written termination notice.

2) For refusal of access. When a customer refuses or neglects to provide reasonable access to the premises for installation, operation, meter reading, maintenance, or removal of utility property, the utility may terminate service. Such action will be taken only when corrective action negotiated between the utility and customer has failed to resolve the situation and after the customer has been given at least ten (10) days' written notice of termination.

3) For noncompliance with state, local, or other codes. The utility may terminate service to a customer that does not comply with state, municipal, and/or other codes, rules, and regulations that apply to such a service. A utility may terminate

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service only after ten (10) days' written notice of termination is provided unless ordered to terminate immediately by a governmental official.

4) For nonpayment of bills. The utility may terminate service for nonpayment of charges incurred for utility services. The utility may terminate service only after five (5) days' written notice of termination is provided, and after twenty (20) days have elapsed since the mailing date of the original unpaid bill.

d) The utility may terminate service to a customer if the following conditions exist without an advance termination notice. Within twenty-four (24) hours after such termination, the utility shall send written notification to the customer of the reason(s) for termination upon which the utility relies, and of the customer's right to challenge the termination by filing a formal complaint with the Public Service Commission. The utility will not restore service until the customer agrees to comply with all the rules and regulations of the utility and Public Service Commission.

1) For illegal use or theft of service. The utility may terminate service to a customer without advance notice if it has evidence that a customer has obtained unauthorized service by illegal use or theft. This right of termination is separate from and in addition to any other legal remedies that the utility may pursue for illegal use or theft of service.

2) For dangerous conditions. If a dangerous condition relating to the utility's service which could subject any person to imminent harm or result in substantial damage to the property of the utility or others is found to exist on the customer's premises, then service will be terminated immediately. Upon termination the utility will leave notification at the customer's dwelling and, if possible, orally contact the customer to inform him/her of the reasons for the termination. Such notice will be recorded by the utility and will include the corrective action to be taken by the customer or utility before service can be restored.

3) Unapproved Extensions and/or Additions. Any extension or additions to an existing service connection that have not been approved by the utility will be

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considered theft of service, and will constitute grounds for termination of service. This right of termination is separate from and in addition to any other legal remedies that the utility may pursue for illegal use or theft of service.

4) Misrepresentation. Any misrepresentation in the application or contract as to the property or fixtures to be supplied or additional use to be made of water will constitute grounds for termination of service, and the customer shall be liable for any damage to any of the utility's facilities or equipment.

5) Failure to Report Changes. Failure to notify the utility of additions to the property or fixtures to be supplied or additional use to be made of water will constitute grounds for termination of service.

6) Resale of Water. Under no circumstances will a customer be allowed to resell or give away water except under the terms of a special contract executed by the utility and approved by the Public Service Commission. Failure to comply with this rule will constitute grounds for termination of service.

7) Waste or Misuse. Waste or misuse of water due to improper or imperfect service pipes and/or failure to keep said pipes in suitable state of repair will constitute grounds for termination of service.

8) Tampering with meter, meter seal, service, valves, or other system facilities, or permitting such tampering by others will constitute grounds for termination of service.

9) Connections, cross-connections, or permitting the same, or any separate water supply to premises that receive water from the utility will constitute grounds for termination of service.

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e) The utility will not terminate service to a customer if the following conditions exist:

1) If payment for services is made. Service will not be terminated to a customer that was sent a termination notice if the customer delivers full payment to the utility prior to the actual termination of service.

2) If a partial payment agreement is in effect. Service will not be terminated for nonpayment if the customer and the utility have entered into a partial payment plan and the customer is meeting the requirements of the plan.

3) If a medical certificate is presented. Service will not be terminated for thirty (30) days beyond the termination date if a physician, registered nurse or public health officer certifies in writing that termination of service will aggravate a debilitating illness or infirmity on the affected premises. The utility may refuse to grant consecutive extensions for medical certificates past the original thirty (30) days unless the certificate is accompanied by an agreed partial payment plan. The utility will not require a new deposit from a customer to avoid termination of service for a thirty (30) day period who presents to the utility a medical certificate certified in writing by a physician, registered nurse or public health officer.

L. Meter Testing.

1. Water meters will be tested before being installed for use by any customer. The water meter will be in good working order and adjusted as close to the optimum operating tolerance as possible, in accordance with KAR 5:022, Section 8(3)(a), 807 KAR 5:041, Section 17(1)(a)-(c) and 807 KAR 5:066, Section 15(2)(a)-(b).

2. The utility may have all or part of its meter testing performed by another utility or agency approved by the Public Service Commission. The utility will notify the Public Service Commission of the make, type, and serial number of standards used for testing.

3. The utility cannot place in service any basic measurement standard unless the Public Service Commission has approved the calibration. The Public Service Commission will be notified promptly of the adoption or deletion of any basic standards requiring approval of the calibration.

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4. Meter testers must be certified by the Public Service Commission. Certified meter testers will perform tests as necessary to determine the accuracy of the utility's meters and to adjust the utility's meters to the degree of accuracy required by the rules and regulations of the Public Service Commission.

M. Meter Test Records.

1. A complete record of all meter tests and adjustments and data sufficient to allow checking of test calculations will be recorded by the meter tester. Such a record will include: information to identify the unit and its location; date of tests; reason for such tests; readings before and after test; statement of "as found" as "as left" accuracies sufficiently complete to permit checking of calculations employed; notations showing that all required checks have been made; statement of repairs made, if any; identifying number of the meter; type and capacity of the meter; and the meter constant. The complete record of tests of each meter will be continuous for at least two (2) periodic test periods and will in no case be less than two (2) years.

2. The utility will keep numerically arranged and properly classified records for each meter owned, used and inventoried by the utility. The identification number, date of purchase, name of manufacturer, serial number, type, rating, and name and address of each customer on whose premises the meter has been in service with date of installation and removal will be included in the records. These records will also contain condensed information concerning all tests and adjustments including dates and general results of such adjustments. The records will reflect the date of the last test and indicate the proper date for the next periodic test required by the applicable Public Service Commission rule and/or regulation.

3. Upon completion of adjustment and test of any meter pursuant to Public Service Commission rules and regulations, the utility will affix to the meter a suitable seal in such a manner that adjustments or registration of the meter cannot be altered without breaking the seal.

N. Customer Requested Meter Tests.

1. The utility will make a test of any meter upon written request of any customer if the request is not made more frequently than once every twelve (12) months. The customer shall be given

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the opportunity to be present at the requested test. If the test shows that the meter was not more than two (2) percent fast, the utility will make a reasonable charge for the test, the amount being approved by the Public Service Commission and set out in the utility's tariff.

2. After having first obtained a test from the utility, any customer of the utility may request a meter test by the Public Service Commission as set out in the utility's tariff.

O. Access to Property.

1. The utility shall at all reasonable hours have access to meters, service connections, and other property owned by it and located on customer's premises for purposes of installation, maintenance, meter reading, operation, replacement or removal of its property at the time service is terminated. Any employee of the utility whose duties require him/her to enter the customer's premises will wear a distinguishing uniform or other insignia identifying him/her as an employee of the utility, or show a badge or other identification which will identify him/her as an employee.

2. Obtaining easements and right-of-ways necessary to extend service will be the responsibility of the utility.

3. All customers must grant, convey, or cause to be granted or conveyed to the utility a perpetual easement and right-of-way across any property owned or controlled by the customer wherever necessary for the utility's facilities in order to provide service.

4. The utility cannot require a prospective customer to obtain easements or rights-of-way on property not owned by the prospective customer as a condition for providing service. However, the cost of obtaining easements or rights-of-way will be included in the total per foot cost of an extension, and will be apportioned among the utility and customer in accordance with the applicable extension administrative regulation.

P. Location of Records. All records required by Public Service Commission rules and regulations will be kept in the office of the utility and will be made available to representatives, agents or staff of the Public Service Commission upon reasonable notice at all reasonable hours.

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Q. Safety Program. The utility will adopt and execute a safety program, appropriate to the size and type of its operations. At a minimum, the safety program will:

1. Establish a safety manual with written guidelines for safe working practices and procedures to be followed by utility employees.

2. Instruct employees in safe methods of performing their work.

3. Instruct employees who, in the course of their work, are subject to the hazard of electrical shock, asphyxiation or drowning, in accepted methods of artificial respiration.

R. System Inspections.

1. The utility will adopt inspection procedures to assure safe and adequate operation of its facilities and compliance with Public Service Commission rules and regulations. These procedures will be filed with the Public Service Commission for review.

2. Upon receipt of a report of a potentially hazardous condition at any utility facility made by a qualified employee, public official, or customer, the utility will inspect all portions of the system which are the subjects of the report.

3. Appropriate records will be kept by the utility to identify the inspection made, deficiencies found and action taken to correct the deficiencies.

4. Inspections. The utility will make systematic inspections of its system in the manner set out below to insure that the Public Service Commission's safety requirements are being met. These inspections will be made as often as necessary but not less frequently than is set forth below for various classes of facilities and types of inspection.

a) The utility will annually inspect all structures pertaining to source of supply for their safety and physical and structural integrity, including dams, intakes, and traveling screens. The utility will semiannually inspect supply wells, their motors and structures, including electric power wiring and controls for proper and safe operation.

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b) The utility will annually inspect all structures pertaining to purification for their safety, physical and structural integrity and for leaks, including sedimentation basins, filters, and clear wells; chemical feed equipment; pumping equipment and water storage facilities, including electric power wiring and controls; hydrants, mains, and valves.

c) The utility will monthly inspect construction equipment and vehicles for defects, wear, operational hazards, lubrication, and safety features.

S. Reporting of Accidents, Property Damage, or Loss of Service.

1. Within two (2) hours following discovery the utility will notify the Public Service Commission by telephone or electronic mail of any utility related accident which results in:

a) Death; or shock or burn requiring medical treatment at a hospital or similar medical facility, or any accident requiring inpatient overnight hospitalization;

b) Actual or potential property damage of $25,000 or more; or

c) Loss of service for four (4) or more hours to ten (10) percent or 500 or more of the utility's customers, whichever is less.

2. A summary written report will be submitted by the utility to the Public Service Commission within seven (7) calendar days of the utility related accident.

T. Continuity of Service.

1. Emergency interruptions. The utility will make all reasonable efforts to prevent interruptions of service and when such interruptions occur will endeavor to reestablish service with the shortest possible delay consistent with the safety of its consumers and the general public. If an emergency interruption of service affects service to any public fire protection device, the utility will immediately notify the fire chief or other public official responsible for fire protection.

2. Scheduled interruptions. If the utility finds it necessary to schedule an interruption of its service, it will notify all customers to be affected by the interruption, stating the time and anticipated duration of the interruption. Whenever possible, scheduled interruptions will be made

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at hours of least inconvenience to customers. If public fire protection is provided by mains affected by the interruptions, the utility will notify the fire chief or others officials responsible for fire protection of the interruption, stating the time and anticipated duration. The fire chief or other official responsible for fire protection will be notified immediately upon restoration of service.

3. Record of interruptions. The utility will keep a complete record of all interruptions on its entire system. This record will show the cause of interruption, date, time, duration, remedy and steps taken to prevent recurrence.

U. Pressures.

1. Standard pressure. The utility will maintain a standard pressure in its distribution system at locations to be designated as the point or points of "standard pressure." The selection of such points will be confined to locations fairly representative of average conditions. In selecting points for fixed standard pressure, the utility may divide its distribution system into districts if division is necessary due to differences of elevation or loss of pressure because of friction, or both, and may either adopt a standard pressure for each division or establish a single standard pressure for its distribution system as a whole. In no case will the constant difference between the highest and lowest pressures in a district for which a standard has been adopted exceed fifty (50) percent of such standard. The utility may, in extenuating circumstances, furnish service that does not comply with the foregoing specifications if the customer is fully advised of the conditions under which the average service may be expected. The Public Service Commission, upon investigation, may require improvements when it appears right and proper that such upgrades should be made. In no event, however, will the pressure at the customer's service pipe under normal conditions fall below thirty (30) psig nor will the static pressure exceed 150 psig.

2. Pressure surveys. At least once a year the utility will make a survey of pressures in its distribution system of sufficient magnitude to indicate the quality of service being rendered at representative points in its system. Pressure charts for these surveys will show the date and time of beginning and end of the test and the location at which the test was made. Records of these

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pressure surveys will be maintained at the utility's office and will be made available to the Public Service Commission upon request.

V. Service Lines & Connections.

1. The utility will furnish and install at its own expense for the purpose of connecting its distribution system to the customer's premises that portion of the service connection from its main and including the meter and meter box. The utility will recoup this expense from the customer in accordance with KRS 278.0152.

2. In areas where the distribution system follows well-defined streets and roads, the customer's point of service will be located at that point on or near the street right-of-way or property line most accessible to the utility from its distribution system. In areas where the distribution system does not follow streets and roads, the point of service will be located as near the customer's property line as practicable. Prior to installation of the meter the utility will consult with the customer as to the most practical location.

3. Depth of service line. All service lines must be laid at a sufficient depth (a minimum of 24 inches) to prevent freezing during the coldest weather normally experienced except where services are not intended for use during freezing weather and are actually drained during such periods.

4. A plumbing permit from the appropriate regulatory agency is required before the utility can set the meter.

5. The applicant/customer must furnish and lay the necessary pipe to make the connection from the point of service to the point of usage and be financially responsible for all costs associated with the installation and maintenance of his/her service line plumbing, including a shut-off valve and one-way check valve, installed on his/her property beginning at the outlet side of the water meter. The service line must be kept in good repair and in accordance with utility and Public Service Commission rules and regulations.

6. The installation and maintenance of the water service line must be in accordance with the rules and regulations of the Kentucky Department of Health.

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FOR Letcher County Water & Sewer District
Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. 28

Letcher County Water & Sewer District
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

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7. A cross-connection of the utility's system with any other source is strictly prohibited.\

8. A well that has or is being used on the premises must be inspected by utility personnel to verify disconnection and separation.

9. All service lines on the customer's side of the meter must consist of copper or PVC pipe with a rating of no less than 200 psi, and should not be less than ¾ inches.

10. Absolutely no galvanized pipe or fittings can be used in the installation.

11. The utility will only set a meter on a customer's service line at a point that delivers a minimum of 30 psig at the meter.

12. If the applicant/customer's point of usage is at a higher elevation than the meter, the customer should consult with a reputable engineering firm to properly size the service line from the meter to the point of usage.

13. Should an applicant/customer desire a pressure higher than the minimum required 30 psig due to location or other need, provisions must be made by the applicant for an individual pressure booster system. The manner of connection, location cross-connection protection and type is subject to approval by the utility. The utility reserves the right to require discontinuance and disconnection should the private booster system have a detrimental effect on the utility's system.

14. Piping on the premises of the applicant/customer must be installed so that connections are conveniently located with respect to the utility's lines and mains. A place must be provided for metering that is unobstructed and reasonably accessible at all times.

15. The utility may require the applicant/customer, at his/her own expense, to install a back-flow preventor and/or pressure regulator.

16. All meters will be installed, renewed, and maintained at the expense of the utility, and the utility reserves the right to approve the size and type of meter used.

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BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2005-00481 DATED 12 / 21 / 2005

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17. All taps and connections to the mains of the utility must be made by and/or under the direction and supervision of utility personnel and will incur a meter connection/tap-on charge, an amount that has been approved by the Public Service Commission for such service. Payment of this fee is for the privilege of connecting to the water system and the payment of the fee does not constitute the purchase of a water meter.

18. Should an applicant requesting a 5/8" x 3/4" meter require service on the opposite side of the road from the water main, the utility will provide the service at no additional cost to the customer other than the standard meter connection/tap-on charge. All larger size meters will be charged the actual cost of installing the meter, including, when applicable, the additional costs for crossing the road.

19. Any customer having boilers and/or pressure vessels that receive water from the utility must have a check valve on the water supply line and a vacuum valve on the steam line in order to prevent a collapse were the water supply from the utility be interrupted or discontinued.

W. Leak Adjustments. A customer may make a request for a bill adjustment in the event of a leak under the following conditions:

1. The customer must request a leak adjustment in writing to the utility.

2. The customer's bill will be based on two components. The first step will be to calculate the customer's average monthly usage over a twelve-month period. The second step will be to deduct the customer's average monthly usage (as calculated in the above) from the total amount of water that passed through the meter. The usage calculated in step one will be billed at the utility's regular rates, while the remaining usage will be charged at the per thousand gallon leak adjustment rate, as set forth in the rates and charges portion of the utility's approved tariff. All water passing through the meter must be accounted and paid for by the customer. So the customer will owe the amount of his/her average bill plus the per thousand gallon leak adjustment rate for the remainder of the water that passed through the meter.

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3. If meter readings are not available for an entire twelve-month period, the water bill will be estimated by the utility, subject to an upward or downward adjustment once a twelve-month average of actual meter readings can be calculated.

4. Only one (1) leak adjustment will be made per twelve-month period.

X. Ownership of Mains, Services, and Appurtenances:

1. All mains, fire hydrants, valves, crossings, and other appurtenances are and shall remain the property of the utility, whether installed by the utility or the customer.

2. All service lines from the main to the meter with appurtenances are and shall remain the property of the utility, whether installed by the utility or the customer.

3. The customer shall install, own, and maintain his/her service line from the meter (or point of delivery) to the point of usage.

Y. Notification of System Problems. The customer shall notify the utility immediately should the service be unsatisfactory for any reason, or should there be any defects, problems, trouble, or accidents affecting the water system.

Z. Legal Disclaimers.

1. The utility shall in no event be held responsible for any claims made against it for reasons of system failure or interruption of service. No persons shall be entitled to damages nor for any portion of a payment refunded for any system failure or interruption of service which in the opinion of the utility is deemed necessary.

2. No person shall maliciously, willfully, or negligently break, damage, destroy, uncover, deface, or tamper with any structure appurtenance or equipment which is a part of the utility's water system. Any person violating this provision will be subject to immediate arrest and/or discontinuance of water service and shall pay the cost of repairing or replacing the utility's facilities.

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3. If any loss or damage to the property of the utility or any accident or other injury to persons or property is caused by or results from the negligence or wrongful action of a customer, members of his/her household, his/her agent or employee, the cost of necessary repairs or replacements shall be paid by the customer or the utility and any liability otherwise resulting shall be that of the customer.

4. For purposes of fire protection, including any customer's fire protection system, the utility cannot guarantee a water supply at any particular flow rate or pressure. The fire flow may vary depending upon other water demands on the system, various water facility limitations, or other circumstances. The customer will indemnify and hold harmless the utility and its employees from and against all claims, damages, losses, and expenses incurred as a result of insufficient water supply or deficient system facilities.

AA. Fire Departments. For the purpose of off-setting fifty percent or more of its operation expenses, any fire department not receiving public funds from the Commonwealth of Kentucky, or any political subdivision thereof, may withdraw water from the utility facilities at no charge, for the extinguishing of fires or the training of firemen. A fire department making such withdrawals shall provide an estimate of its withdrawals to the utility at the end of each month.

AB. Fire Hydrants.

1. In accordance with 807 KAR 5:066 Section 10(2)(b), a new fire hydrant will not be installed unless:

a) A professional engineer with a Kentucky registration has certified that the system can provide a minimum fire flow of 250 gallons per minute, and

b) The system supporting this flow has the capability of providing this flow for a period of not less than two (2) hours plus consumption at the maximum daily rate.

2. The location, installation, and the responsibility for maintenance of fire hydrants, public and private fire protection facilities, connecting mains, and their ownership may be subject to negotiation between the utility and the applicant/customer. Fire hydrants and public and private fire protection facilities shall be installed as required by the utility and if owned by the utility

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shall be subject to any conditions the Public Service Commission may impose, based upon the compensation received for this service.

AC. Fire Sprinkler Systems. Unless specifically exempted within the utility's approved tariff, all connections to the utility's system must be metered; one exception being fire sprinkler systems, subject to utility inspection and approval. A monthly charge will be assessed for each fire sprinkler system. The charge will be approved by the Public Service Commission and included in the rates and charges portion of the utility's approved tariff.

AD. Requirements for New Water Connections.

1. The water line must be buried in a ditch that is at a minimum of 24 inches in depth.
2. The water line must be a minimum of 200 psi.
3. A shut-off valve must be installed.
4. A one-way check valve must be installed.
5. A pressure regulator may be required as prescribed by the utility.
6. There shall be absolutely no galvanized pipe or fittings used in the installation.
7. The water line must be visually inspected by the utility.
8. If a well is being used, it must be disconnected and the utility must inspect to verify separation.

AE. Water Main Extensions.

1. Normal extension. An extension of fifty (50) feet or less shall be made by a utility to its existing distribution main without charge for a prospective customer who shall apply for and contract to use service for one (1) year or more.

2. Other extensions.

a) When an extension of the utility's main to serve an applicant or group of applicants amounts to more than fifty (50) feet per applicant, the utility may require the total cost of

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the excessive footage over fifty (50) feet per applicant/customer to be deposited with the utility by the applicant or the applicants, based on the average estimated cost per foot of the total extension.

b) When an extension of the utility's main to serve an applicant or group of applicants amounts to more than fifty (50) feet per applicant, the utility will require the applicant(s) to sign an agreement between the utility and the property owner (applicant/customer) that specifically defines the responsibilities of each party with regards to the extension.

c) Each customer who paid for service under such extension will be reimbursed under the following plan:

For a period of five (5) years after construction of the extension, each additional customer whose service line is directly connected to the extension installed, and not to extensions or laterals therefrom, will be required to contribute to the cost of the extension based on a recomputation of both the utility's portion of the total cost and the amount contributed by the customers. The utility will refund to those customers that have previously contributed to the cost of the extension that amount necessary to reduce their contribution to the currently calculated amount for each customer connected to the extension. All customers directly connected to the extension for a five (5) year period after it is placed in service must contribute equally to the cost of construction of the extension. In addition, each customer must pay the approved tap-on fee applicable at the time of his/her application for the meter connection. The tap-on fee will not be considered part of the refundable cost of the extension and may be changed during the refund period. After the five (5) year refund period expires, any additional customer will be connected to the extension for the amount of the approved tap-on fee only. After the five (5) year refund period expires, the utility will be required to make refunds for an additional five (5) year period in accordance with subparagraph 1 of 807 KAR 5:066 Section 11(2)(b).

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3. An applicant desiring an extension to proposed real estate subdivision may be required to pay the entire cost of the extension. Each year, for a refund period of ten (10) years, the utility will refund to the applicant who paid for the extension a sum equal to the cost of fifty (50) feet of the extension installed for each new customer connected during the year whose service line is directly connected to the extension installed by the developer, and not to extensions or laterals there from. Total amount refunded will not exceed the amount paid to the utility. No refund will be made after the refund period ends.

4. Nothing contained herein shall be construed to prohibit the utility from making extensions under different arrangements if such arrangements have received prior approval of the Public Service Commission.

5. Upon complaint to and investigation by the Public Service Commission a utility may be required to construct extensions greater than fifty (50) feet upon a finding by the Public Service Commission that such an extension is reasonable and that an extension of fifty (50) feet or less is unreasonable under the circumstances.

AF. Extension Procedures for Developers and/or New Subdivisions.

1. Nothing contained herein shall be construed to prohibit the utility from contracting to make extensions under different arrangements if such arrangements have received the prior approval of the Public Service Commission.

2. An applicant desiring an extension to a real estate subdivision may be required to pay the entire cost of the extension. Under this plan, annually for a refund period of ten (10) years, the utility will refund to the applicant who paid for the extension a sum equal to the cost of fifty (50) feet of the extension installed for each new customer connected during the year whose service line is directly connected to the extension installed by the developer, and not to extensions or laterals therefrom. Total amount refunded will not exceed the amount paid to the utility. No refund will be made after the refund period ends.

FOR Letcher County Water & Sewer District
Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. 35

Letcher County Water & Sewer District
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

3. The utility may also, upon Public Service Commission approval, contract privately with owners and/or developers of subdivisions for the installation of water service for the subject subdivision. The owners/developers, pursuant to these contracts, extend mains and install water service at their expense. The utility would not accept nor receive any contribution, cost reimbursement, or deposit from any customer (lot owner) in this circumstance and as contemplated by 807 KAR 5:066 Section 11(2)(a), and therefore, 807 KAR 5:066 Section 11(2)(b) (1) or (2) or (3) would not apply to the utility with regard to newly-developed subdivisions.

DATE OF ISSUE 1/25/2006
Month / Date / Year

DATE EFFECTIVE 1 / 06 / 2006
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE Director

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2005-00481 DATED 12 / 21 / 2005

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
3/9/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By _____
Executive Director

WATER USER AGREEMENT
LETCHER COUNTY WATER & SEWER DISTRICT

This Agreement entered into between _____
(User's Name)

and _____ whose address is _____,
(Spouse)

_____, Kentucky, _____, hereinafter referred to as

"User", and the **Letcher County Water & Sewer District**, P.O. Box 827, Whitesburg, Kentucky 41858, hereinafter referred to as **"District"**.

WHEREAS, the **User** desires to purchase water from the **District**, and enters into this Water User Agreement as required by the Rules and Regulations of the **District**.

NOW THEREFORE, in consideration of the mutual covenants, promises and agreements herein contained, it is hereby understood and agreed by the Parties hereto as follows:

1. The **District** shall furnish, subject to the limitations set out in its Rules and Regulations now in force or as hereafter amended, such quantity of water as the **User** may desire in connection with the property to be served by this Agreement. The property to be served is a _____ located at _____.
(Residence, Mobile Home, Etc) (Address)

2. The **User** agrees to permit the **District** to lay, install, maintain, repair, remove and disconnect a meter, and a service line running from the water main to the meter. The **User** also grants the **District** the right of ingress and egress across **User's** property for the purpose of reading the meter.

3. The location of the water meter on the property will be determined by the **District**. The **District** shall purchase and install a cutoff valve and a water meter. The **District** shall have the exclusive right to use such cutoff valve and water meter.

4. The **User** agrees to comply with, and be bound by, the Rules and Regulations of the **District**, now in force or as hereafter duly and legally supplemented, amended or changed. The **User** agrees to pay for water at such rates, time and place as shall be determined by the **District**, and agrees to the imposition of such penalties for

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noncompliance as provided by the rules and regulations of the Kentucky Public Service Commission.

5. In the event the total water supply shall be insufficient to meet the needs of all users, or in the event there is a shortage of water, the **District** may prorate the water available among the various users on such basis as is deemed equitable by the **District.**

6. The **User** agrees that no present or future source of water will be connected to any water lines served by the **District's** water lines and will disconnect from his/her present water supply prior to connecting to and switching to the **District's** system and shall eliminate present or future cross-connections in his/her system.

7. A separate meter shall be installed for each residence. If the **User** allows a connection or extension to be made to his service line for the purpose of supplying water to another party or residence, then the **District** shall discontinue water service to the **User**.

8. The **User** agrees to pay the water rates which have been approved by the Kentucky Public Service Commission.

9. The failure of the **User** to pay water charges duly imposed by the **District** shall result in the automatic imposition of the following penalties:

A. Payments received after the 10th of each month shall be subject to a 10% penalty.

B. If payment is not received by the 20th of the month, the **User's** meter shall be disconnected.

C. In the event it becomes necessary for the **District** to disconnect the **User's** meter, a fee in the amount approved by the Kentucky Public Service Commission will be charged for reconnection of the meter during regular office hours.

10. It is understood and agreed that the **District** reserves the right to determine the size of the service connection to be used to supply water to the **User.** A 5/8 inch by 3/4 inch meter will be used unless the **User** contracts for a larger meter.

11. The **User** agrees to grant to the **District**, its successors and assigns, a perpetual easement over, under and upon land owned by the **User**, with the right to

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construct, install and lay and thereafter use, inspect, repair, maintain, replace and remove water pipelines and appurtenant facilities, together with the right to utilize adjoining land belonging to the **User** for the purpose of ingress to and egress from the said land.

IN WITNESS WHEREOF, we have executed this Agreement this ___ day of _____, 2005.

WITNESS:

_____ _____

WATER USER

LETCHER COUNTY WATER & SEWER DISTRICT

BY: _____

PUBLIC SERVICE COMMISSION
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3/9/2006
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By_____
Executive Director

RIGHT-OF-WAY EASEMENT

KNOW ALL MEN BY THESE PRESENTS:

That for and in consideration of the public benefit to be derived from the installation of the water line described below, _____ and _____, husband and wife, _____, _____, Kentucky _____, **GRANTOR**, does hereby grant unto the **LETCHER COUNTY WATER AND SEWER DISTRICT**, P. O. Box 827, Whitesburg, Kentucky, 41858, hereinafter referred to as **DISTRICT**, a perpetual easement with the right to construct, install and lay and thereafter use, operate, inspect, repair, maintain, replace and remove a water line over, across and through the land of the **GRANTOR** situated in Letcher County, Kentucky, said easement being described as follows:

> Being a strip of land 10 feet in width across the **GRANTOR'S** property. The easement shall be 20 feet in total width during the period of construction, but upon completion it shall revert back to a permanent easement 10 feet in width, together with the right of ingress and egress over the adjacent land of **GRANTOR** for the purpose of this easement.
>
> Being a part of the same property conveyed to the **GRANTOR** by Deed recorded in Deed Book ____, Page ____, in the Letcher County Clerk's Office, to which reference is made for a more complete description of the property.

The **DISTRICT** shall repair any and all roads, driveways, fences, etc. damaged during the installation of the water line and shall restore the land to its original condition, as nearly as practical.

The **DISTRICT** agrees to maintain the easement in good repair so that no unreasonable damage will result from its use to the adjacent land of the **GRANTOR**, his successors and assigns.

This easement shall constitute a covenant running with the land for the benefit of the **DISTRICT**, its successors and assigns.

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By_____
Executive Director

IN WITNESS WHEREOF, the **GRANTOR** has executed this instrument this _____ day of _____, 200_.

_____ _____

GRANTOR **GRANTOR**

STATE OF KENTUCKY

COUNTY OF LETCHER

The foregoing Easement was acknowledged before me this ___ day of _____, 200_, by _____ and _____, husband and wife, **GRANTOR**.

_____

NOTARY PUBLIC, State at Large

MY COMMISSION EXPIRES:_____

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By_____
Executive Director

LETTERHEAD

DATE

RE: Termination of Water Service at _____
Amount Due as of Last Billing:_____

Dear _____:

Your account is seriously past due and your water service will be discontinued five days from the date of this letter unless you take steps to resolve this matter.

To avoid discontinuation of service, you must:

1) Pay the balance stated above in full; **or**
2) Pay the amount stated on your last statement for the current usage **AND** enter a partial payment agreement for the past due amount, **or**
3) Provide a written medical certificate from a physician, registered nurse or public health officer stating that termination of service will aggravate a debilitating illness or infirmity on the affected premises.

Presenting a medical certificate will prevent the termination of your water service for 30 days from the date of this notice. The District may refuse to grant consecutive extensions for medical certificates past the original 30 days unless the certificate is accompanied by an agreed partial payment plan.

I have enclosed a Partial Payment Plan form for your review. To meet the terms of the Partial Payment Plan, you must pay at least 25% of your past due balance each month in addition to paying your current charges in full to avoid discontinuation of service.

Please note that your service will be discontinued after five days from the date of this letter unless you complete and deliver the form, along with your partial payment to

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By_____
Executive Director

Linda Bailey in Suite 107, the office of Judge/Executive Carroll Smith in the Letcher County Courthouse. If you have any questions, please call me at (606) 633-2129.

Sincerely,

Jim Murtaugh
Operations Manager
Letcher County Water & Sewer District

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By_____
Executive Director

LETCHER COUNTY WATER & SEWER DISTRICT

PARTIAL PAYMENT PLAN

I, _____, the person responsible for paying for potable water service at _____, do hereby agree to enter a partial payment plan with the Letcher County Water & Sewer District (District) to prevent termination of my water service.

I agree to pay $ _____ per month (minimum of 25% of past due amount) each month in addition to paying the charges for current usage in full each month.

I understand that if I do not keep the terms of this agreement, my service will be discontinued without further notice from the District, and that to reinstate my water service after termination, I will be required to pay an advance deposit of $45.00 and to pay the full amount due on my account.

_____

Customer

_____

Date

Agreed to on this day of _____, 2005, by:

_____

For the District

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By_____
Executive Director

LETCHER COUNTY WATER
& SEWER DISTRICT
DEPOSIT RECEIPT

Customer Name: _____

Meter Location: _____

Date: _____

Amount Received: $_____

BY:

DISTRICT REPRESENTATIVE: _____

CUSTOMER SIGNATURE: _____

At the customer's request, the deposit will be recalculated every eighteen (18) months based on actual usage of the customer. If the deposit differs by more than ten dollars ($10.00) for residential customers, or by more than ten (10) percent for non-residential customers, from the deposit calculated on actual usage, then the district shall refund any over-collection and may collect any underpayment. Refunds shall be made either by check or by credit to the customer's bill, except that the district shall not be required to refund any excess deposit if the customer's bill is delinquent at the time of recalculation.

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By _____
Executive Director

WATER SHORTAGE RESPONSE PLAN

Letcher County Water & Sewer District

Section 1. **Purpose**. The purpose of this Plan is to provide for the declaration of official phases of water supply shortages and the implementation of voluntary and mandatory water conservation measures throughout the Utility's service area in the event a shortage is declared.

Section 2. **Definitions**. These terms are applicable only for this Plan unless specifically noted.

A. "*Customer*" shall mean any person or entity using water for any purpose from the Utility's water distribution system and for which either a regular charge is made or, in the case of bulk sales, a cash charge is made at the site of delivery.

B. "*Raw Water Supplies*" shall mean all water potentially available to persons in the Utility's service area.

C. "*Treated Water*" shall mean water that has been introduced by the Utility into its water distribution system, including water offered for sale. Uses of treated water are classified as follows:

Class 1 -- Essential Water Uses:

The following uses of water, listed by site or user type, are essential.

Domestic:

-- water necessary to sustain human life and the lives of domestic pets, and to maintain minimum standards of hygiene and sanitation.

Health Care Facilities:

-- patient care and rehabilitation, including related filling and operation of swimming pools.

Water Hauling:

-- sales of domestic use where not reasonably available elsewhere.

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Public Use:

-- firefighting,

-- health and public protection purposes, if specifically approved by health officials.

Class 2 -- Socially or Economically Important Uses:

The following uses of water, listed by site or user type, are socially or economically important.

Domestic:

-- personal, in-house water use including kitchen, bathroom and laundry.

Water Hauling:

-- non-domestic, when other sources are not reasonably available elsewhere.

Commercial and Civic Use:

-- commercial car and truck washes,

-- laundromats,

-- restaurants, clubs and eating places,

-- schools, churches, motels/hotels and similar commercial establishments.

Outdoor Non-Commercial Watering:

-- minimal watering of vegetable gardens,

-- minimal watering of trees where necessary to preserve them.

Outdoor Commercial or Public Watering (using conservation methods and when other sources of water are not available or feasible to use):

-- agricultural irrigation for the production of food and fiber or the maintenance of livestock,

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- watering by arboretums and public gardens of national, state, regional or community significance where necessary to preserve specimens,

- watering by commercial nurseries at a minimum level necessary to maintain stock,

- watering at a minimum rate necessary to establish or maintain revegetation or landscape plantings required pursuant to law or regulation,

- watering of woody plants where necessary to preserve them,

- minimal watering of golf course greens.

Recreational:

- operation of municipal swimming pools and residential pools that serve more than 25 dwelling units.

Air Conditioning:

- refilling for startup at the beginning of the cooling season,

- makeup of water during the cooling season,

- refilling specifically approved by health officials where the system has been drained for health protection or repair services.

Class 3 -- Non-Essential Uses:

Any waste of water, as defined herein, is non-essential. The following uses of water, listed by site or user type, are non-essential.

Public Use:

- use of fire hydrants (excluding Class 1 and Class 2 uses), including use of sprinkler caps, testing fire apparatus and fire department drills.

- flushing of sewers and hydrants except as needed to ensure public health and safety as approved by health officials.

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Commercial and Civic Use:

- serving water in restaurants, clubs, or eating places, except by customer request,
- failure to repair a controllable leak,
- increasing water levels in scenic and recreational ponds and lakes, except for the minimum amount required to support fish and wildlife.

Ornamental Purposes:

- of fountains, reflecting pools and artificial waterfalls.

Outdoor Non-Commercial Watering:

- use of water for dirt control or compaction,
- watering of annual or non-woody plants, lawns, parks, golf course fairways, playing fields and other recreational areas,
- washing sidewalks, walkways, driveways, parking lots, tennis courts or other hard-surface areas,
- washing down buildings or structures for purposes other than immediate fire protection,
- flushing gutters or permitting water to run or accumulate in any gutter or street.

Outdoor Commercial or Public Watering:

- expanding nursery facilities, placing new irrigated agricultural land in production, or planting of landscaping except when required by a site design review process,
- use of water for dirt control or compaction,
- watering of lawns, parks, golf course fairways, playing fields and other recreational areas,
- washing down buildings or structures for purposes other than immediate fire protection,

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-- flushing gutters or permitting water to run or accumulate in any gutter or street.

Recreational uses other than those specified in Class 2.

Non-commercial washing of motor and other vehicles.

Air Conditioning (see also Class 2 purposes):

-- refilling cooling towers after draining.

D. "*Base Entitlement*" shall mean the monthly usage for a customer during the same month of the preceding calendar year or the average per customer usage for each class of service during the same month of the preceding year.

E. "*Curtailed Entitlement*" shall mean the monthly usage for a customer after any curtailment percentage has been applied.

F. "*Curtailment*" shall mean the reduction in entitlement by some percentage to meet anticipated water shortages.

G. Water Shortage Response Phases:

"*Advisory*" shall mean that conditions exist which indicate the potential for serious raw or treated water supply shortages.

"*Alert*" shall mean the raw or treated water supplies are consistently below seasonal averages, and if they continue to decline, may not be adequate to meet normal needs.

"*Emergency*" shall mean that raw or treated water supplies are below the level necessary to meet normal needs and that serious shortages exist in the area.

"*Rationing*" shall mean that procedures must be established to provide for the equitable distribution of critically-limited raw or treated water supplies, in order to balance demand and limited available supplies, and to assure that sufficient water is available to preserve public health and safety.

Section 3. **Applicability**. The provisions of this Plan shall apply to all retail and wholesale customers of the Utility. When implemented, this Plan becomes the Utility's Water Shortage Response Regulation.

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Section 4. **Entitlements**. Entitlements shall be established for each customer by adjusting the base entitlement to reflect any known change in usage pattern.

Section 5. **Determination of Water Shortage**. Water supply and usage shall be monitored on a continuous basis. Unrestricted demand shall be projected form past records and adjusted for changes such as new developments and weather conditions on a regular basis. (Note: A sample calculation page is attached as Appendix A to assist in determining overall water levels. It is important that accurate water measurements be used.) Water shortages generally occur for two reasons, a reduction in available supplies or a system failure. Each of these has a distinct influence on the nature and duration of the conservation program implemented. Official declaration of a water shortage stage and implementation fo the measures necessary to curtail water use shall be approved by the Utility's board, manager, or commissioners.

Section 6. **Term of Water Shortage Declaration**. Any water shortage declaration shall remain in effect until water supplies of service conditions have returned to normal. A final determination as to terminating a water shortage declaration shall be made by the Utility's board, manager, or commissioners.

Section 7. **Water Shortage State, Criteria, Conservation and Curtailment Measures**.

A. Advisory Stage:

1. *Criteria*. A water advisory shall be declared when the amount of treated water or raw water available for treatment is projected to be up to 15 percent above demand, or there are periods of low water pressure in one or more areas of the distribution system due to system failure or inadequacies or the State Division of Water issues a Water shortage Watch that includes the areas from which the Utility draws water. (Note: Additional conditions may be added based on local conditions.)

2. *Conservation and Curtailment Measures*:

(a) Declare a Water Shortage Advisory.

(b) Provide proper notice to all customers and to all local news media.

(c) Eliminate all water leaks.

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(d) Request voluntary conservation of all non-essential (Class 3) water use.

(e) Request wholesale customers also issue request for voluntary conservation by their customers of all non-essential (Class 3) water use.

B. Alert Stage:

1. *Criteria*: A water alert shall be declared when the amount of treated water available is projected to be up to 10 percent above demand, or raw water supplies are consistently below seasonal averages and if they continue to decline, may not be adequate to meet normal needs. (Note: Additional conditions may be added based on local conditions.)

2. *Conservation and Curtailment Measures*:

(a) Declare Water Shortage Alert.

(b) Provide proper notice to all customers and to all local news media.

(c) Eliminate all water leaks.

(d) Prohibit all non-essential Class 3 uses of water.

(e) Curtail entitlements to all customers by the same percentage as the projected shortage.

(f) Begin billing all customer water usage in excess of curtailed entitlement at the normal rate plus an excess usage charge of $10.00 per thousand gallons.

C. *Emergency Stage:*

1. *Criteria*. A Water Emergency Stage shall be declared when the amount of treated water available is projected to be up to 5 percent above demand, or there are periods of no water in one or more areas of the distribution system due to low water supply or raw water supplies below the level necessary to meet normal needs. (Note: Additional conditions may be added based on local conditions.)

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2. *Conservation and Curtailment Measures:*

(a) Declare Water Shortage Emergency.

(b) Provide proper notice to all customers and to all local news media.

(c) Eliminate all water leaks.

(d) Prohibit all Class 3 uses of water.

(e) Prohibit all Class 2 uses of water except domestic uses for kitchens, bathrooms and laundries.

(f) Curtail all commercial and industrial entitlements (except health care facilities) by 100 percent.

(g) Curtail residential entitlements by the same percentage as the projected shortage.

(h) Curtail entitlements to all wholesale customers by the same percentage as the projected shortage.

(i) Begin billing all customer water usage in excess of curtailed entitlement at the normal rate plus an excess usage charge of $20.00 per 1,000 gallons.

D. *Rationing Stage*:

1. *Criteria*: Treated water available is up to 1% above demand or raw water supplies are below the level necessary to meet essential needs, and in the opinion of the Utility, mandatory rationing is required to ensure adequate water is available to maintain public health and safety.

2. *Conservation and Curtailment Measures*:

(a) Declare Water Shortage Rationing.

(b) Provide proper notice to all customers and to all local news media.

(c) Eliminate all water leaks.

(d) Prohibit all Class 3 and Class 2 users of water.

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(e) Curtail all commercial and industrial entitlement (except health care facilities) by 100 percent.

(f) Curtail all residential and wholesale entitlements by the same percentage as the projected shortage.

(g) Implement service interruptions to portions of system in accordance with approved published schedule. The schedule shall be provided to all local media.

(h) Begin billing customer water usage in excess of curtailment entitlement at the normal rate plus an excess usage charge of $25.00 per 1,000 gallons.

Section 8. **Enforcement of Water Restriction**. Any person who violates the provisions of this Plan, who fails to carry out the duties and responsibilities imposed by this Plan, or who impedes or interferes with any action undertaken or ordered pursuant to this Plan shall be subject to the following:

A. If the utility official charged with implementation and enforcement of this Plan learns of any violation of any water use restriction imposed, a written notice of the violaiton occurred and mailed to the customer of record. Said notice shall describe the violaiton and order that it be corrected, cured, or abated immediately or within 48 hours.

B. The notice will inform the customer of his or her right to appeal by requesting a hearing before the utility's designee. If a hearing is requested by the customer, he or show shall be given full opportunity to be heard before termination. The governing body shall make findings of fact and decide whether service should continue or terminate.

C. Any customer whose water service is terminated for violating provisions of this water curtailment Plan shall be subject to the approved reconnection fee prior to reconnection of service.

D. The excess usage charge billing provisions of this Plan shall not be put in effect if a county or city ordinance containing penalty provisions is in effect to assist enforcement of this Plan.

Section 9. **Request for Exception**:

A. *Exception to Water Use Restrictions*: If compliance with any curtailment measure authorized herein would cause a customer to bear extraordinary hardship, that individual or entity may apply to the Utility for an exception. For these purposes, "extraordinary hardship" shall be defined as a

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condition that may threaten health and safety, or cause property or economic losses, each of which must be shown to be substantially more severe than the sacrifices borne by other users. If extraordinary hardship is found to exist, then an exception shall be granted and a written waiver issued to the customer. If an appeal is made water service shall be continued until a decision is announces. Any person aggrieved by the decision may file a complaint with the Public Service Commission.

B. *Exception to Curtailment Surcharge*: Exceptions to excess use charges shall not be considered or granted.

Section 10. **Severability**. If any provision of this Plan is declared invalid by the courts, the remainder of the Plan and its applicability to other persons and circumstances shall not be affected by that declaration.

Section 11. **Effective Date**. This Plan shall take effect immediately upon approval by the Public Service Commissions.

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Executive Director

APPENDIX A

Letcher County Water & Sewer District

PROJECTED DEMAND WORKSHEET FOR _____
(Month) (Year)

The information below would be used to estimate projected demand for one (1) month.

Calculations will be done at the beginning of each month.

Average use in _____ for the past 5 years: _____gpd
(Last Month)

Average use in _____ for 2 years ago: _____gpd
(Last Month)

Average use in _____ for 1 year ago: _____gpd
(Last Month)

Average use in _____ for current year: _____gpd
(Last Month)

Average use in _____ for the past 5 years: _____gpd
(This Month)

Average use in _____ for 2 years ago: _____gpd
(This Month)

Average use in _____ for 1 year ago: _____gpd
(This Month)

Usage Notes: _____

_____

_____

_____

Weather Notes: _____

_____

_____

_____

Average projected use for _____:

Without conservation measures: _____gpd

With advisory conservation measures
(reduction) _____gpd

With alert conservation measures
(More than reduction) _____gpd

With emergency conservation measures
(More than reduction) _____gpd

With rationing conservation measures
(More than reduction) _____gpd

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COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LETCHER COUNTY WATER AND SEWER DISTRICT TO REVISE CERTAIN NON-RECURRING CHARGES	)))	CASE NO. 2005-00481

ORDER

Finding errors in our Order of December 21, 2005, the Commission, on its own motion, HEREBY ORDERS that this Order is amended as follows:

1. Findings Paragraph 3 of the Order of December 21, 2005 is stricken.

2. Ordering Paragraph 2 is stricken and replaced with the following:

> 2. Letcher County Water and Sewer District shall file with the Commission no later than February 3, 2006 a revised tariff, signed by an officer of the water district authorized to issue tariffs, that reflects the approved non-recurring charges.
>
> 3. Nothing contained in this Order shall be construed as Commission approval of the tariff submission attached to the Letcher County Water and Sewer District's application for establishment of non-recurring charges.

Done at Frankfort, Kentucky, this 1st day of February, 2006.

By the Commission

ATTEST:

Executive Director

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
3/9/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By _____
Executive Director