

# East Logan Water District

333 S. Franklin Street  
Russellville, KY 42276  
Office: 270-717-0991  
Fax: 270-717-0958

*"We Stand Behind Every Drop"*

December 22, 2017

Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

Dear Sirs,

East Logan Water District has a Water Purchase Contract with one of our customers, Champion Petfoods. This contract was entered into agreement, with PSC approval, on 1/1/16. This contract automatically renews each year unless written notice is provided 60 days in advance of the intent to cancel the contract. East Logan Water District entered into this special purchase contract with Champion when their plant was constructed, and after it was represented that they would be using up to 500,000 gallons of water per day. Over the last year, their actual usage has averaged 873,000 gallons per month.

While Champion may be the highest consistent user we have, we do have other customers that have usage greater than 400,000 gallons. This is the point at which their preferential rate occurs. In an effort to be consistent and fair to all customers, the Board of ELWD has determined that the preferential rate given to Champion can no longer be justified based on their usage.

In accordance with the terms of the contract, ELWD wrote a letter to Champion Petfoods on 9/29/17, informing them of our decision not to renew the contract on 1/1/18. I have enclosed a copy of the letter mailed to Champion.

If you should have any questions regarding this matter, please contact us.

Sincerely,

Linda Alexander  
Manager  
East Logan Water District

**KENTUCKY  
PUBLIC SERVICE COMMISSION**

**Gwen R. Pinson**  
Executive Director

**EFFECTIVE**

**1/1/2018**

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

COPY

# Brooks & Hendricks, PLLC

ATTORNEYS AT LAW

Serving South Central Kentucky and Middle Tennessee

Ami L. Brooks

Joe W. Hendricks, Jr.

September 29, 2017

Mr. Bruce Johnson  
Champion Pet Food  
2658 Dorsey Pl  
Regina SK S4V 2 B9  
Canada

And

Champion Pet Food  
12871 Bowling Green Road  
Auburn, KY 42206

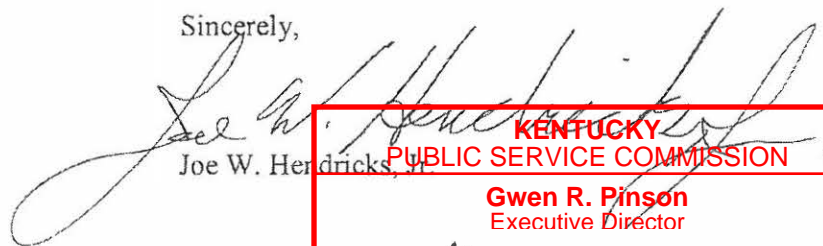
Re: Rate Contract

Dear Champion Pet Food:


The Board for the East Logan Water District has instructed me to write you regarding WATER PURCHASE CONTRACT that was entered on December 30, 2015 and was made effective on January 1, 2016. When this contract was approved, Champion had represented that it intended to use 500,000 gallons of water per day. Champion's water use has actually been less than 800,000 of water per month. The Board has determined that the preferential rates given to Champion by the special contract are not justified based on its use and will terminate the contract effective January 1, 2018. Champion's rates will revert to the Standard Rates charged to all customers.

Should you have any questions, please do not hesitate to contact me.

Sincerely,



Joe W. Hendricks, Jr.

<p><b>KENTUCKY PUBLIC SERVICE COMMISSION</b></p> <p><b>Gwen R. Pinson</b> Executive Director</p> 
<p><b>EFFECTIVE 1/1/2018</b></p> <p>PURSUANT TO 807 KAR 5.011 SECTION 9 (1)</p>

348 West 4<sup>th</sup> Street, Russellville, KY 42276  
509 West Court Square, Springfield, TN 37172

(270) 717-1110; (270) 717-1112 fax  
(615) 382-9147; (615) 382-1150 fax

**WATER PURCHASE CONTRACT**

This contract for the sale and purchase of water is entered into as of the **30th** day of **December, 2015**, between **EAST LOGAN WATER DISTRICT, INC.**, Russellville, Kentucky, USA, hereafter referred to as the "**District**" and **CHAMPION PETFOODS USA, INC.**, Morinville, Alberta, Canada, hereafter referred to as the "**Purchaser.**"

WITNESSETH:

WHEREAS, the **District** is organized and established under the provisions of Chapter 74 of the Commonwealth of Kentucky's Revised Statutes, for the purpose of operating a water supply distribution system to provide potable water to customers within its service territory under its established rates, terms, and conditions; and

WHEREAS, the **Purchaser** is constructing an industrial kitchen facility located in the service territory of the **District** that will require a supply of potable water for operations; and

WHEREAS, the **Purchaser** desires a supply of potable water for operations and is willing to pay for any necessary infrastructure improvements to receive a supply of potable water for operations; and

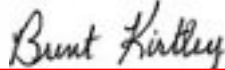
WHEREAS, the aforementioned necessary infrastructure improvements are listed in Appendix A of this water purchase contract; and

WHEREAS, the **District** desires to provide a supply of potable water for the **Purchaser's** operations, the **District** agrees to the sale of potable water to the **Purchaser** in accordance with the provisions of the approved Resolution, and the execution of this contract carrying out the Resolution by the Chairperson of the **East Logan Water District, Inc.**, and attested by the **District Secretary**, was duly authorized.

THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth;

**A. The District Agrees:**

1. To furnish the **Purchaser** at the **Purchaser's** facilities located at 12871 Bowling Green Rd., Auburn, KY, during the term of this contract or any renewal or extension thereof, potable water meeting applicable purity standards of the Commonwealth of Kentucky Division of Water and the U.S. Environmental Protection Agency in such quantity as the **Purchaser** may require but at an instantaneous flow rate not to exceed 500 gallons per minute.

<b>KENTUCKY</b> <b>PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN</b> <b>EXECUTIVE DIRECTOR</b>
TARIFF BRANCH

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PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

- To furnish the **Purchaser** potable water at the normal operations system pressure at the point of delivery. If a greater pressure than that normally available at the point of delivery is required by the **Purchaser**, the cost of providing such greater pressure shall be borne by the **Purchaser**.
- To furnish the **Purchaser** at the address listed below with an itemized statement of the amount of potable water furnished to the **Purchaser** during the preceding month.

Billing Address: Champion Petfoods USA  
12871 Bowling Green Rd.  
Auburn, KY 42206

**B. The Purchaser Agrees:**

- To pay the **District**, no later than the 20<sup>th</sup> day of each month for water delivered in accordance with the following schedule of rates:

First 100,000 Gallons per Month	\$739.15 Minimum Monthly Bill
Next 300,000 Gallons per Month	\$7.05 per 1,000 Gallons of Water
Over 400,000 Gallons per Month	\$5.95 per 1,000 Gallons of Water

- To notify the **District** in writing no later than 20 (twenty) days in advance of the date the **Purchaser** requires initial delivery of potable water to the facility.
- To allow appropriate **District** personnel at all reasonable times access to the meter for the purpose of meter reading as well as operating and maintenance activities.
- To pay the cost of the service line and meter vault as described in Appendix A.
- The **District** will accept Logan Industrial Development Authority's letter of guarantee of up to \$50,000.00 as sufficient deposit and guarantee of payment through October 2017. Upon expiration or termination of this guarantee, the **District** may require the **Purchaser** to provide substitute guarantee or payment as may be reasonably sufficient to pay two months of water use as determined by the previous twelve months of water use by the **Purchaser**.
- The **District** has the right to terminate service for any balance not paid 10 days after the due date.

**C. The District and Purchaser mutually agree:**

- That the term of this contract shall extend for 1 (one) year from the date of initial delivery of any potable water as shown by the first bill submitted by the **District** to the **Purchaser**. Unless any party to the contract provides written notice of termination of the contract to the other party at least 60 (sixty) days prior to the expiration of the contract shall

KENTUCKY  
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JEFF R. DEROUEN  
EXECUTIVE DIRECTOR

Brent Kirtley

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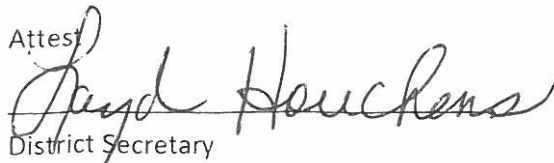
automatically renew on an annual basis thereafter subject to any rate changes in accordance with Paragraph C2.

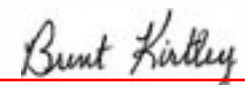
2. That the schedule of rates set forth in this contract may be adjusted by the Board of Commissioners of the **District**, subject to approval of the Public Service Commission of the Commonwealth of Kentucky.
3. That the terms set forth in this contract are subject to approval by the Public Service Commission of the Commonwealth of Kentucky, and all parties agree to be governed by any amendments and/or modifications as are dictated, directed, demanded, or required to satisfy the Public Service Commission of the Commonwealth of Kentucky.
4. That the **District** will at all times operate and maintain its system in an efficient manner and will take action necessary to furnish the **Purchaser** with required potable water quantities as set forth in the terms of this contract. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire, and use of water to fight fire, earthquake, or other catastrophe shall excuse the **District** from the provision for such reasonable period of time as may be necessary to restore service. Temporary or partial failures to deliver potable water shall be remedied with all due haste. In the event of an extended water shortage, the quantity of potable water available to the **Purchaser** may be diminished in accordance with the **District's** water shortage response plan.
5. That in the event of any occurrence rendering the **Purchaser** incapable of performing under this contract, any successor to the **Purchaser**, whether the result of legal process, assignment, or otherwise, shall succeed to the rights and obligations of the **Purchaser** set forth in this contract.

In witness hereof, the parties hereto, acting under authority of their respective bodies, have duly executed this agreement.


**EAST LOGAN WATER DISTRICT, INC.**

By:   
Carroll Browning, Chairman

Attest:  
  
District Secretary

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
TARIFF BRANCH 
EFFECTIVE <b>1/1/2016</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

CHAMPION PETFOODS, USA, INC.

By:   
President

Attest

\_\_\_\_\_  
Corporate Secretary

APPENDIX A

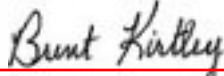
8 inch tap on the existing 12 inch water line along US 68/80

8 inch service line from the tap to meter vault

6 inch water meter in vault

6 inch pressure sustaining valve in vault

8 inch service line connecting the meter vault to the Champion water supply line

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<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
TARIFF BRANCH 
EFFECTIVE <b>1/1/2016</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)



# LOGAN INDUSTRIAL DEVELOPMENT AUTHORITY

116 South Main Street, Russellville, Kentucky 42276 Telephone 270.726.9575

October 14, 2015

East Logan Water District  
399 East Main  
Auburn, Kentucky 42206

Ref: Champion Petfoods water service contract

Commissioners:


The Logan County Industrial Development Authority (IDA) hereby guarantees payment of Champion Petfoods water bills in a timely manner according to your regular payment policy in an amount not to exceed \$50,000.00. This guarantee will remain in effect for two years until October of 2017. This action was approved by the IDA Board of Directors in the regular meeting October 14, 2015.

We understand that this guarantee will suffice for the two month billing deposit you requested.

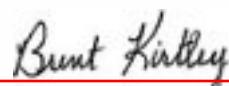
If there is any problem with timely payment on this account please notify Tom Harned or Paula Timberlake at LEAD immediately so we can resolve any issues in a timely manner.

We are very pleased to have Champion Petfoods in Logan County providing East Logan Water District with a large volume customer. The improvements East Logan made with the 12 inch line to South Union certainly made a positive difference in recruiting this blue chip company to your service area.

Sincerely,

  
Mayor Bert Adler  
Chairman

  
Tom Harned  
Executive Director

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
<b>TARIFF BRANCH</b>

<b>EFFECTIVE 1/1/2016</b>
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