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July 9, 2004

Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

Case 2004-00309

RECEIVED

JUL 9 2004

PUBLIC SERVICE
COMMISSION

—Re: Case 2001-00202—

Dear Ms. O'Donnell:

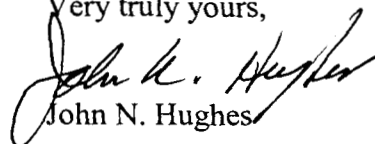
Pursuant to the Commission's Orders in Case No. 2001-00202 and the letter from you dated May 6, 2004, the Northern Kentucky Water District is revising its cross connection prevention tariff. The attached revised tariff is being filed with the understanding that the District maintains the ability to continue a cross connection control program in a logical progression that may be based on meter size, degree of hazard, or other criteria deemed appropriate.

While the District at your direction is making this change to its tariff, it continues to encourage the Division of Water and the Commission to further investigate the important issues identified by the participants at the Commission's conference held on March 1, 2004. At that conference, several critical issues such as the type of device appropriate for multi-family/residential use, cost imposition and technical feasibility were discussed. The consensus of that group was that these and other related issues be resolved prior to implementation of a multi-family/residential cross connection program that has statewide implications.

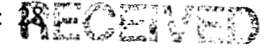
The District reiterates its willingness to work with the Commission in pursuing this matter and hopes that a collaborative effort among all of the interested and affected parties can begin very soon.

If you have any questions about this matter, please contact me.

Very truly yours,


John N. Hughes

Attorney for Northern Kentucky
Water District



Rates, Rules and Regulations

SECTION XXIII – CROSS CONNECTION CONTROL POLICY

JUL 9 2004

PUBLIC SERVICE COMMISSION

GENERAL:

In accordance to Kentucky Division of Water Regulations, 401 KAR 8:020, Section 2, Para. 2, All cross-connections are prohibited. The use of automatic devices such as reduced pressure zone backflow preventers and vacuum breakers may be approved by the Natural Resources and Environmental Protection Cabinet in lieu of proper air gap separation. A combination of air gap separation and automatic devices shall be required where determined by the Cabinet to be necessary due to the degree of hazard to public health.

The Kentucky Division of Water 401 KAR 8:010, Section 1, Item 32, has defined cross-connections as a physical connection or arrangement between two (2) otherwise separate systems, one (1) of which contains potable water and the other being either water of unknown or questionable safety, or steam, gas or chemicals, whereby there may be flow from one (1) system to another, the direction of flow depending on the pressure differential between the two (2) systems.

The District is required to comply with 401 KAR 8:020, Section 2, Para. 2, as well as other rules and regulations for public water systems, which pertain to cross-connections, auxiliary intakes, bypasses, and inter-connections. At the Kentucky Public Service Commission's direction, the District has revised this cross connection control tariff. The District is making this change with the understanding that the District maintains the ability to proceed, at its discretion, with a multi-family/residential cross connection control program in a logical progression that may be based on meter size, degree of hazard, or other criteria deemed appropriate. The District continues to encourage the Division of Water and the Commission to further investigate important issues such as type of approved device, financial impacts, and technical feasibility that has statewide implications on the implementation of a cross connection control program that includes multi-family and residential customers.

The following requirements apply to all customers of the District:

1. All new commercial, industrial, governmental, multi-family, and residential accounts will be required to meet the District standards for cross-connection control upon notification from the District. Water service for new accounts will not be turned on until the Water District requirements are met. Implementation of the multi-family/residential cross connection program will resume when the state and federal regulatory agencies with statutory oversight of cross connection programs have written rules or regulations specifying the type of device that is approved or approvable for multi-family and residential use and have determined the extent to which such devices must be installed on existing and new multi-family and residential connections.
2. All existing commercial, industrial, governmental, multi-family, and residential accounts will be required to meet the District standards for cross-connection control as specified in paragraph 1 above upon notification from the District. Existing accounts will be prioritized by the largest meter size and consumption for that meter size. Inspection will start with the largest meters and consumption. Existing accounts will have six (6) months upon notification from the District, to meet District standards unless an additional time extension is approved by the District.

Date of Issue: July 9, 2004

Date Effective: July 9, 2004

Issued By: *Ronald J. Barrow*
Officer & Title: Ronald J. Barrow, MPA
Vice President – Finance

100 Aqua Drive, P.O. Box 220, Cold Spring, Kentucky 41076
Address

Issued by order of PSC in Case No. 2001-00202

Rates, Rules and Regulations

SECTION XXIII – CROSS CONNECTION CONTROL POLICY Cont'd

- 3. Severe high hazard accounts will be required to meet the District standards for cross-connection control upon notification from the District. A severe high hazard customer creates a real or potential threat of contamination or pollution of a physical or toxic nature to the health and well-being of the public water supply. These customers continuously have hazardous cross-connections or the potential hazards are so great that these premises need to be prioritized. Existing accounts will be prioritized by the largest meter size and consumption for that meter size. Inspection will start with the largest meters and consumption. Existing accounts will have six (6) months upon notification from the District, to meet District standards unless an additional time extension is granted by the District.

No person shall cause a cross-connection, auxiliary intake, bypass, or inter-connection to be made, or allow one to exist for any purpose whatsoever, unless the construction and operation of same meets the District standards for cross connection control.

INSPECTION:

The District may inspect all properties served by the public water system where cross-connections with the public water system are deemed possible. Authorized representatives from the District shall have the right to enter, at a reasonable time, any property served by a connection to the public water system for the purpose of inspecting the piping system or systems thereof for cross-connections, auxiliary intakes, bypasses or inter-connections. On request, the owner, lessee, or occupant of any property so served shall furnish to the inspection agency any pertinent information regarding the piping system or systems on such property. The refusal of such information or refusal of access, when requested, shall cause the District to classify the account as a severe high hazard account and the owner shall meet all District requirements for that classification.

REQUIREMENTS:

The District shall require the use of an approved protective device on the service line serving the premises to assure that any contamination that may originate in the customer's premises is contained therein. The type of protective devices to be installed shall correspond to the degree of hazard as determined by the District. All protective devices shall be approvable by the Kentucky Division of Water and the District.

The methods of installation of backflow protective devices shall be approved by the District prior to installation and shall comply with the criteria set forth by the District's standard specifications & drawings for the installation of backflow prevention devices. Any and all cost incurred with the installation and maintenance of cross-connection control devices and appurtenances shall be borne by the customer.

Any person who now has cross-connections, auxiliary intakes, bypasses, or inter-connections in violation of this policy shall be allowed a reasonable time to comply with the provisions of this policy. They will have six (6) months upon notification from the District, to meet District standards unless an additional time extension is granted by the District.

The failure to correct conditions threatening the safety of the public water system as required by this policy within the District approved time frame shall be grounds for termination of the water service.

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Northern Kentucky Water District

For NKWD Area Served
PSC No: 2
Original Sheet No: 30
Adopting PSC No: 1
Replacing Sheet No: 30

Rates, Rules and Regulations

SECTION XXIII – CROSS CONNECTION CONTROL POLICY Cont'd

Where cross-connection, inter-connections, auxiliary intakes, or bypasses are found that constitute an extreme hazard of immediate concern of contaminating the public water system, the District shall require that immediate corrective action be taken to eliminate the threat to the public water system. Immediate steps shall be taken to disconnect the public water supply from the on-site piping system unless the hazard(s) is corrected immediately.

All approved backflow prevention devices shall be tested and certified that they work properly by a District approved certified backflow tester directly after system activation and every year thereafter according to the manufacturer's recommendations.

Test notices will be sent out by the District prior to the due date, giving the customer 30 calendar days to get the device tested and proper paperwork returned to the District. If, after the first 30 days, no action is taken, a second notice will be sent to the customer giving them an additional 30 days to comply. If, after this time, no action is taken, a third notice will be sent, giving them 10 working days to comply or water service will be discontinued at the end of 10 days.

The failure to maintain backflow prevention devices in proper working order shall be grounds for discontinuing water service to a premise. Likewise, the removal, bypassing or altering of a protective device or the installation thereof, so as to render the device ineffective, shall constitute grounds for discontinuance of water service. Water service to such premises shall not be restored until the customer has corrected or eliminated such conditions or defects to the satisfaction of the District.

The requirements contained herein shall apply to all premises served by the District regardless of political subdivision boundaries, constitute a part of the conditions required to be met to provide water service to any premises. Such action, being essential for the protection of the water distribution system against the entrance of contamination which may render the water non-potable.

ENFORCEMENT:

Whenever any person neglects or refuses to comply with any of the provisions of this policy, the District shall have the right to discontinue water service until such cross-connection, auxiliary intake, bypass or inter-connection has been corrected.

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