

KNOX COUNTY UTILITY COMMISSION
1905 KY 930
P.O. BOX 8
ARTEMUS, KENTUCKY 40903
606-546-5300 Office
606-546-3099 FAX

February 28, 2006

RECEIVED

MAR - 2 2006

PUBLIC SERVICE
COMMISSION

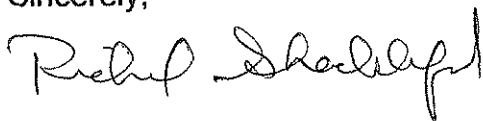
Beth O'Donnell, Executive Director
Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

Case No. 2006-00096

Dear Ms. O'Donnell,

Enclosed is an application to establish initial operations and a tariff for the Knox County Utility Commission Sewer Division. Enclosed you will find the original application and five copies. Due to the expense of producing additional copies, we request a deviation from 807 KAR 5:001 Section 8 (2) that requires 10 copies. A copy of the petition has also been forwarded to the Attorney General's Office.

Sincerely,



Richard Shackleford,
Chairman

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF KNOX COUNTY)
UTILITY COMMISSION FOR APPROVAL)
OF AN INITIAL TARIFF ESTABLISHING)
RULES, REGULATIONS, AND RATES)
FOR SERVICE OF ITS NEWLY FORMED)
SEWER DIVISION)

CASE NO.

2006-00096

PETITION TO ESTABLISH INITIAL TARIFF

Pursuant to Administrative Regulation 807 KAR 5:001, Section 8, 807 KAR 5:011, and Kentucky Revised Statute 278.160 the Knox County Utility Commission ("Knox County") petitions the Commission for approval of initial operations of its Sewer Division and to establish a tariff that includes rules, regulations, and rates for sewer services.

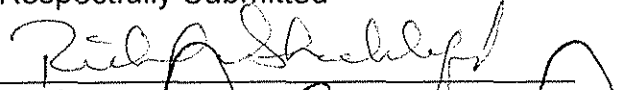
Knox County currently provides water service to approximately 2,500 customers in the Kentucky Counties of Knox, Bell and Whitley through its water treatment and distribution facilities. On December 2, 2003, the Knox County Board of Commissioners approved a resolution forming a sanitary sewer system. This resolution is shown at Attachment A.

The creation of the Sewer Division was made necessary by extension of the city of Barbourville's waste water collection system by the Knox County Fiscal Court into the service territory of Knox County, specifically the "Bimble Area". Construction of the extension is anticipated to be complete by April, 2006. The extension project consists of 6,600 linear feet of 8" gravity sewer line, 10,400 linear feet of 6" force main, and a

pumping station. The total cost of the improvement is estimated to be \$872,075. The entire cost of the improvement was funded through a grant from the Wastewater Treatment Program of the PRIDE Initiative administered to the Knox County Fiscal Court. Once complete all interest and title to the improvements will transfer to Knox County. Knox County will operate the sewer collection system and deliver all waste water collections to the city of Barbourville for treatment.

The Sewer Division will immediately serve 30 residential customers and the newly constructed Knox Central High School. Knox County requests approval from the Commission to apply the tariff as included with this application at Attachment B to the customer's receiving sewer service. The proposed tariff meets all requirements of 807 KAR 5:011. Knox County respectfully requests that the Commission approve and make the tariff effective 30 days from the date the Commission receives the petition. Cost justifications for the rates included in the tariff are shown at Attachment C.

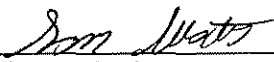
Respectfully Submitted



Chairman



Vice Chairman



Commissioner

RESOLUTION

Excerpts from the minutes of the duly held meeting of the Knox County Utility Commission, Artemus, Kentucky, held on the 2nd day of December, 2003 at the Knox County Courthouse.

After discussion and on motion duly made, seconded and unanimously passed,

NOW, THEREFORE, Be it Resolved by the Board of Commissioners of Knox County Utility Commission that the District passed a resolution to form a sanitary sewer system.

WHEREUPON, the Chairman declared the resolution duly passed and adopted by the Knox County Utility Commission.


Wendell Hammons, Chairman

Attest:


Sam Watts, Secretary

CERTIFICATE OF SECRETARY

I, Sam Watts, hereby certify that I am the duly qualified and acting Secretary of the Knox County Utility Commission of Knox Co., KY., that the foregoing Resolution is a true copy of the Resolution authorizing Wendell Hammons, Chairman of the District, to legally sign the Resolution duly adopted by the District at a meeting held December 2nd, 2003 and that the Resolution appears as a matter of public record in the official records of the District.


Sam Watts, Secretary

SEAL OF DISTRICT

KNOX COUNTY UTILITY COMMISSION, SEWER DIVISION

P O BOX 8

ARTEMUS, KENTUCKY 40903

RATES & CHARGES
AND
RULES & REGULATIONS
FOR FURNISHING
SEWER SERVICE
IN

KNOX, WHITLEY, AND BELL COUNTIES
KENTUCKY

FILED WITH THE
PUBLIC SERVICE COMMISSION
OF
KENTUCKY

DATE OF ISSUE Feb 28 2006
Month / Date / Year

DATE EFFECTIVE April 3 2006
Month / Date / Year

ISSUED BY Paul Shultz
(Signature of Officer)

TITLE Chairman

Attachment B, Pg 2
FOR Knox, Whitey and Bell Counties
Community, Town or City

P.S.C. KY. NO. _____ 1 _____

_____ SHEET NO. _____ 1 _____

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

_____ SHEET NO. _____

Knox County Utility Commission
Sewer Division
(Name of Utility)

CONTENTS

Rates for Service.

Monthly Rate \$6.25 per 1,000 gallons of water

Sewer service rates will be applied to water consumed by customers for which the Knox County Utility Commission is assessed a treatment fee by the city of Barbourville. For example, the Knox Central High School will not be charged sewer service rates for water used to water its athletic fields so long as the city of Barbourville does not charge a wastewater treatment fee for this water.

Late Payment Penalty.

Any customer not paying their bill before the stated due date will be assessed a ten (10) percent late payment penalty. The penalty will be assessed only once on any bill for rendered services. Any payment received from the customer will first be applied to the bill for service rendered. Additional penalty charges will not be assessed on unpaid penalty charges.

Returned Check Charge

A \$25 returned check charge will be assessed one time for each returned check. Only one \$25 charge will be assessed by the Knox County Utility Commission for those paying a water and sewer bill with the same check that is subsequently returned.

Tap fee.

Residential Customers \$1,185

Other Actual Costs

When actual costs of taps are to be paid by a customer, Knox County Utility Commission shall provide the customer with an itemized cost estimate of installing the tap. The customer will be required to deposit the estimated amount with Knox County Utility Commission. Once the tap has been installed Knox County Utility Commission will provide to the customer an itemized list of the actual tap costs as compared to the itemized estimate. At that time Knox County Utility Commission will collect or refund any differences in the amount deposited and the actual cost.

DATE OF ISSUE 2/28/2006
Month / Date / Year

DATE EFFECTIVE 4/3/2006
Month / Date / Year

ISSUED BY *Richard Shuler*
(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

P.S.C. KY. NO. 1

SHEET NO. 2

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

SHEET NO. _____

Knox County Utility Commission
Sewer Division
(Name of Utility)

CONTENTS

Disconnection of Service for Non-Payment.

Where the Knox County Utility Commission provides water and sewer service to the same service address, discontinuance of water service will be made due to non-payment of charges for sewer service. In this event the disconnected customer will be required to pay all delinquent amounts and the water reconnection fee as provided for in the tariff of the Knox County Utility Commission's Water Division before water service is restored. This reconnection charge will be billed by and paid to the Water Division.

Where the Knox County Utility Commission provides sewer service only or where disconnection of water service is not practical, disconnection of sewer service will be made for non-payment of bill. Disconnection of sewer service will require physically digging up the pipe and disconnecting the service. Before reconnection of the sewer service is made the disconnected customer will be required to pay Knox County Utility Commission the actual cost of the disconnection and the estimated cost of reconnection. The Knox County Utility Commission will supply the customer with a billing summary itemizing the amounts of the bill for disconnecting the service and the estimated cost of reconnection. After reconnection has been made Knox County Utility Commission will reconcile the actual cost of reconnection to the estimated amount and refund or bill any differences to the customer accordingly.

The Knox County Utility Commission will discontinue service for non-payment upon advance notice to the non-paying customer. Advance notice will be made to the non-paying customer at least five (5) days prior to the anticipated disconnection date which will be stated on the notice. Under no circumstances will service be terminated before twenty (20) days after the mailing date of the original unpaid bill. Knox County Utility Commission will notify the local health department of the disconnected sewer service so that the residence will be declared uninhabitable.

The termination notice will be mailed or otherwise delivered to the last known address of the customer and will be in writing, distinguishable and separate from any bill. The termination notice will plainly state the reason for the 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.

DATE OF ISSUE 2/28/2006
Month / Date / Year

DATE EFFECTIVE 4/3/2006
Month / Date / Year

ISSUED BY [Signature]
(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR Knox, Whitley and Bell Counties
Community, Town or City

P.S.C. KY. NO. 1

SHEET NO. 3

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

SHEET NO. _____

Knox County Utility Commission
Sewer Division
(Name of Utility)

CONTENTS

Knox County Utility Commission reserves the right to negotiate partial payment plans with any customer that has a delinquent account to avoid discontinuance of service. These plans will be made in writing.

Disconnected services will be reconnected within 24 hours after payment of all delinquent amounts including the reconnection fee.

DATE OF ISSUE 2/28/2006
Month / Date / Year

DATE EFFECTIVE 4/3/2006
Month / Date / Year

ISSUED BY [Signature]
(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

Estimated Operating Costs and Calculation of Revenue Requirement

Treatment Expense	\$ 11,998.50 (A)
Purchased Power	1,620.00 (B)
General Liability Insurance	173.00 (C)
Operating Expense of Knox Water allocated to Sewer	3,600.00 (D)
PSC Fee	50.00 (E)
Depreciation	<u>8,257.24 (F)</u>
Total Estimate Operating Costs to be Recovered	25,698.74
Divide by: 88 Percent Operating Ratio	<u>0.88</u>
Revenue Requirement	<u><u>\$ 29,203.12</u></u>

(A)

Barbourville Utility Commission will treat the Sewer Division's waste water for a charge of \$7.50 per bill plus \$2.55 per 1,000 gallons of treated waste water. To determine the estimated cost of treatment we have estimated the annual waste water produced by a single residential customer to be 66,000 gallons (5,500 gallons, average monthly residential usage x 12 months) which is equal to the average annual water usage of the District's residential customers. The waste water produced by the new high school building is expected to be equal to the water used for human purposes at the replaced high school building. The estimated cost of treatment was then calculated as follows:

Annual water usage for a single residential customer	66,000
Anticipated number of residential customers in Bimble Area	<u>30</u>
Residential Gallons to be Treated	1,980,000
Highschool Gallons to be Treated	<u>2,690,000</u>
Total Gallons to be Treated	4,670,000
Divide by: 1,000 gallons	<u>1,000</u>
Thousand Gallons to be Treated	4,670
Times: Volumetric Rate of \$2.55 per Thousand Gallons	<u>\$ 2.55</u>
Total Volumetric Charge	11,909
Plus: Customer Charge \$7.50 x 12 monthly bills	<u>90</u>
Total Estimated Treatment Expense to be Paid to Barbourville	<u><u>\$ 11,998.50</u></u>

(B)

The Sewer Division's operation includes one lift station that will be used to pump waste water through a portion of the sewer system. The system's design engineer estimated the purchase power costs to operate the lift station will be \$1,620 annually.

(C)

The Sewer Division's facilities will be added to Knox District's existing general liability insurance policy. Knox District's agent determined the resulting annual premium increase will be \$173.

Calculation of Volumetric Rate to Recover Estimated Revenue Requirement

Revenue Requirement	\$ 29,203.12
Thousand gallons of waste water to be treated	<u>4,670</u>
Rate per Thousand Gallons	<u><u>6.25</u></u>

Test of Tariff

Number of residential customers	30
Times: Average monthly residential water usage per customer	5,500
Times: 12 months	<u>12</u>

Gallons of residential waste water to be treated	1,980,000
Projected annual waste water of the high school	<u>2,690,000</u>

Total annual waste water to be treated	4,670,000
Divided by: 1,000 gallons	<u>1,000</u>

Annual waste water to be treated in 1,000 gallons	4,670
Times: Sewer rate per 1,000	<u>\$ 6.25</u>

Annual revenue requirement	<u><u>\$ 29,203</u></u>
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NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: Returned Check Charge

1. Field Expense:

A. Materials (Itemize)

_____	\$ _____
_____	_____
_____	_____

B. Labor (Time and Wage)

Total Field Expense \$ _____

2. Clerical and Office Expense

A. Supplies

\$ _____

B. Labor

Total Clerical and Office Expense \$ _____

3. Miscellaneous Expense

A. Transportation

\$ _____

B. Other (Itemize)

<u>Allowable fee pursuant to KRS</u>	<u>_____</u>
<u>514.040 (4) (b)</u>	<u>\$25.00</u>
_____	_____

Total Miscellaneous Expense \$ _____

Total Nonrecurring Charge Expense \$25.00

P R I C E Q U O T A T I O N
WATER WORKS SUPPLIES INC
611 S KEENELAND DR
RICHMOND KY 40475

Ph: 859-624-2800 Fax: 859-623-4658

Page : 1

Printed At : 15:39:26 20 FEB 2006

Quote Date 02/20/06	Quote No. 118100	Quote Expiration Date 03/22/06	Writer TPO	Slsm TPO	WH 4	
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Quoted To: KNOXCOUNTY

Ship To: KNOXCOUNTY

KNOX COUNTY UTILITY COMMISSION
P O BOX 8
ARTEMUS KY 40903

KNOX COUNTY UTILITY COMMISSION
P O BOX 8
ARTEMUS KY 40903

Quotation Note:

Ln	Order Quant		EDP Code / Description	Net Price	UM	Ext Price	
1	14		8SDR3514 8" PVC SDR35 IB 14' LGTH.	4.350	EA	60.90	
2	14		6SDR3514 6" PVC SDR35 IB 14' LGTH.	2.490	EA	34.86	
3	1		205-0804 8 X 4" PVC GKT SEWER TEE-WYE	25.850	EA	25.85	
4	1		212-0804 8 X 4" PVC GASKET SEWER TEE	25.670	EA	25.67	
5	1		212-0604 6 X 4" PVC GASKET SEWER TEE	16.670	EA	16.67	
6	1		205-0604 6 X 4" PVC GKT SEWER TEE-WYE	20.390	EA	20.39	
7	1		DFW-4T/C 4" FLEX SADDLE TEE WITH CLAMPS	27.890	EA	27.89	
8	1		HS11-777 2" FPT CHECK VALVE	92.500	EA	92.50	
			<i>★ Total</i> 192.31				
			Quotation Total			304.73	
			Sales and Use Tax Not Included				

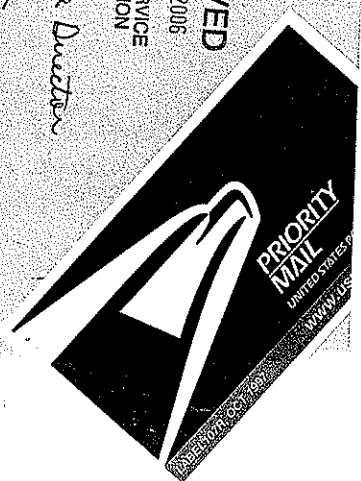
This price quotation is subject to the Buyer's acceptance of all of the terms and conditions including any Disclaimer or Warranty, printed on the Water Works Supplies Invoice.

KNOX COUNTY UTILITY COMMISSION
P.O. BOX 8
ARTEMUS, KY 40903



*Beth O'Donnell, Executive Director
Public Service Commission
211 Arver Boulevard
Post Office Box 615
Frankfort Kentucky 40602*

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MAR - 2 2006
PUBLIC SERVICE
COMMISSION



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BARBOURVILLE, KY
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