

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
OCT 17 2006
PUBLIC SERVICE
COMMISSION

In the Matter of:

THE TARIFF FILING OF SOUTH ANDERSON WATER)
DISTRICT SETTING POLICY FOR WATER MAIN)
EXTENSION TO SERVE REAL ESTATE
DEVELOPMENTS)

CASE NO.
2006-00118

**MOTION FOR SOUTH ANDERSON WATER DISTRICT TO BE PERMITTED
TO ADOPT THE ATTACHED TARIFF AS IT RELATES TO WATER MAIN
EXTENSIONS TO SERVE REAL ESTATE DEVELOPMENTS WHICH
INCLUDES A PROVISION FOR A PAYBACK PERIOD OVER TEN YEARS
AND IN THE EVENT SAID MOTION IS APPROVED, TO DISMISS THE
SUBJECT ACTION**

Comes South Anderson Water District, by and through counsel, and hereby
moves the Public Service Commission as follows:

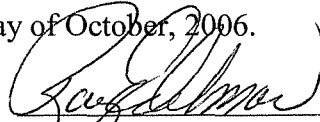
1. For permission and authority and an Order to adopt the
attached tariff as it relates to water main extensions that serve real estate developments,
which includes a ten-year payback provision. A copy of which is attached hereto, and
made a part hereof by reference.

2. In the event that the Public Service Commission approves and
orders the aforementioned tariff to be adopted by the South Anderson Water District, then
the District hereby moves upon the filing of such an Order to dismiss the subject action.

WHEREFORE, South Anderson Water District, hereby moves the Public
Service Commission for permission, authority, and an Order to adopt the aforementioned

tariff, a copy of which is attached hereto. In the event that the said action is ordered, for an Order to dismiss the subject action.

Respectfully submitted this 17 day of October, 2006.



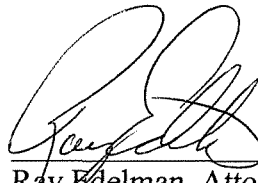
Ray Edelman, Attorney at Law
150 South Main Street
Lawrenceburg, KY 40342
Telephone: (502) 839-5111
Counsel for South Anderson Water District

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served upon the Public Service Commission by serving a true copy thereof to the following on this the 17 day of October, 2006.

Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

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



Ray Edelman, Attorney at Law
Counsel for South Anderson Water District

FOR _____
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

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

_____ SHEET NO. _____

(Name of Utility)

RULES AND REGULATIONS

APPLICATIONS FOR WATER MAIN EXTENSIONS TO
PROPOSED REAL ESTATE DEVELOPMENTS

I. APPLICABILITY. This section shall apply to requests for water service to proposed real estate developments.

II. APPLICANT'S RIGHT TO DESIGN AND CONSTRUCT THE MAIN EXTENSION. An Applicant desiring a water main extension to a proposed real estate development may elect to design and construct the proposed main extension or to contract with the Water District for the design of these facilities.

III. RESPONSIBILITIES OF AN APPLICANT. An Applicant for water service to a proposed real estate development shall have the following responsibilities:

A. If the Applicant is assuming responsibility for the design of the proposed water distribution main:

1. Applicant shall provide the Water District or its designated representative with all preliminary plans and specifications of the proposed water main extension and any other documents as reasonably necessary to review Applicant's request for service. All preliminary plans and specifications shall be prepared by a professional engineer who is licensed to practice engineering in the Commonwealth of Kentucky.

2. Applicant shall make all reasonable modifications to the plans and specifications of the proposed water distribution main extensions that the Water District or its designated representative requests and that are reasonably necessary to ensure the quality and reliability of water service or the Water District's operational efficiency and integrity and that are consistent with accepted engineering standards.

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RULES AND REGULATIONS

3. Prior to its submission of final plans and specifications for the proposed water distribution main extension to the Division of Water, Environmental and Public Protection Cabinet, Applicant shall obtain the Water District's approval of such plans and specifications.

4. Applicant shall reimburse the Water District for all expenses that the Water District incurs in its review of Applicant's proposed plans and specifications, inspection of constructed facilities, and any other reasonable actions necessary to facilitate the construction of the proposed water distribution mains. The Applicant may be required to deposit with the Water District at the time of executing an "Agreement For Water Main Extension to Serve A Real Estate Development" an amount equal to the Water District's estimate of these costs.

5. Applicant shall permit Water District employees, agents, or representatives reasonable access to the proposed real estate development upon reasonable notice and at reasonable hours.

6. Applicant shall obtain all necessary approvals from county planning and zoning commissions.

7. Applicant shall be responsible for the cost of the proposed water lines and appurtenant facilities, all costs arising out of the inspection and testing of water lines, and any and all legal fees resulting from the placement and construction of the proposed water lines.

8. Applicant shall advise the Water District or its designated representative of the date and time for the commencement of construction and installation of all water mains within the proposed real estate development.

9. Applicant shall not cover with soil or other material any portion of the proposed water main extension until the Water District or its designated representative has inspected the water main. He shall notify the Water District or its designated representative at least 24 hours in advance of any action to cover any portion of the proposed water mains.

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10. Applicant shall not test the proposed water main extension for leakage or contamination without the Water District's prior knowledge and agreement. Applicant shall notify the Water District or its designated representative at least 24 hours in advance of any action to cover or to test water mains.

11. Applicant shall grant to the Water District an easement sufficient to install, repair, replace, or construct any facilities necessary to distribute and meter water to the proposed real estate development and to each parcel of property located within the development.

12. Applicant shall, upon completion of construction of the proposed water distribution mains, notify the Water District in writing of the completion.

13. Within 60 days of completion of construction of the proposed water distribution mains, the Applicant shall furnish to the Water District a copy of the as-built plans for the mains.

14. Upon completion of proposed water distribution mains and the Water District's preliminary acceptance of the water distribution mains, Applicant shall grant to the Water District the right and authority to provide water service through the water distribution main. Applicant shall retain all ownership rights in the water distribution mains and all easements for property on which the water distribution main is situated and shall be responsible for the operation and performance of such water distribution mains and for any expenses or costs related to their maintenance or repair for a period of 12 months from the date of the preliminary acceptance.

15. Within 60 days of the Water District's preliminary acceptance of the water distribution mains, the Applicant shall provide to the Water District a written statement of the mains' total cost, itemizing in detail the components of the total cost.

16. At the time of submitting its application, Applicant shall execute an "Agreement for Water Main Extension to Serve a Real Estate Development" similar in form and content to that shown in Appendix A.

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RULES AND REGULATIONS

B. If the Applicant contracts with the Water District for the design of the proposed water distribution main:

1. Applicant shall provide the Water District or its designated representative with all preliminary plans and specifications of the proposed real estate development and proposed water main extension and any other documents as reasonably necessary to review Applicant's request for service.

2. At the time of executing an "Agreement for Water Main Extension to Serve a Real Estate Development" with the Water District, Applicant shall deposit with the Water District an amount equal to the estimated cost of design. During the course of the construction, the Water District may draw upon the deposited amount to pay such costs. If the Water District incurs any costs of design in excess of the deposited amount, Applicant shall pay such charges within 30 days of presentation of a Statement of Costs by the Water District. Applicant shall pay the total cost of design of the proposed water lines and appurtenant facilities. "Cost of design" includes, but is not limited to, all costs associated with the engineering and design of the proposed water distribution mains, fees for permits, inspections and licenses, and costs incurred in the acquisition of easements (including attorney fees and court costs).

3. Applicant shall be responsible for the cost of the proposed water distribution mains and appurtenant facilities, all costs arising out of the inspection and testing of those mains, and any and all legal fees resulting from the placement and construction of those mains.

4. Applicant shall make all reasonable modifications to the plans and specifications of the proposed water distribution main extensions that the Water District or its designated representative requests and that are reasonably necessary to ensure the quality and reliability of water service or the Water District's operational efficiency and integrity and that are consistent with accepted engineering standards.

5. Applicant shall permit Water District employees, agents, or representatives reasonable access to the proposed real estate development upon reasonable notice and at reasonable hours.

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6. Applicant shall obtain all necessary approvals from county planning and zoning commissions.

7. Applicant shall advise the Water District or its designated representative of the date and time for the commencement of construction and installation of all water mains within the proposed real estate development.

8. Applicant shall not cover with soil or other material any portion of the proposed water main extension until the Water District or its designated representative has inspected the water main. He shall notify the Water District or its designated representative at least 24 hours in advance of any action to cover any portion of the proposed water mains.

9. Applicant shall not test the proposed water main extension for leakage or contamination without the Water District's prior knowledge and agreement. Applicant shall notify the Water District or its designated representative at least 24 hours in advance of any action to cover or to test water mains.

10. Applicant shall grant to the Water District an easement sufficient to install, repair, replace, or construct any facilities necessary to distribute and meter water to the proposed real estate development and to each parcel of property located within the development.

11. Upon completion of proposed water distribution mains and the Water District's preliminary acceptance of the water distribution mains, Applicant shall grant to the Water District the right and authority to provide water service through the water distribution main. Applicant shall retain all ownership rights in the water distribution mains and all easements for property on which the water distribution main is situated and shall be responsible for the operation and performance of such water distribution mains and for any expenses or costs related to their maintenance or repair for a period of 12 months from the date of the preliminary acceptance.

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12. Within 60 days of the Water District's preliminary acceptance of the water distribution mains, the Applicant shall provide to the Water District a written statement of the mains' total cost, itemizing in detail the components of the total cost.

13. At the time of submitting its application, Applicant shall execute a "Agreement for Water Main Extension to Serve a Real Estate Development" similar in form and content to that shown in Appendix B.

14. Applicant shall provide the Water District with his mailing address and shall maintain a current mailing address with the Water District for the 10-year period following the Water District's preliminary acceptance of the water distribution system.

IV. WATER DISTRICT'S RESPONSIBILITIES. The Water District shall have the following responsibilities:

A. In those instances where the Applicant designs the proposed water distribution main:

1. Water District or its designated representative shall examine all plans and specifications for the proposed water distribution main extension and shall advise Applicant of any and all modifications that are reasonably necessary to ensure the quality and reliability of water service or the Water District's operational efficiency and integrity and that are consistent with accepted engineering standards.

2. Water District or its designated representative shall promptly inspect the proposed water main extension after receiving proper notice from the Applicant of its intent to cover the main with soil or other material.

3. Water District or its designated representative shall promptly advise Applicant of its decision on any testing of the proposed water distribution main upon receiving proper notice of the Applicant's intent to test the main.

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RULES AND REGULATIONS

4. Water District agrees to make preliminary acceptance of the donation of complete water distribution mains from the Applicant upon certification of a person who is licensed in the Commonwealth of Kentucky as a professional engineer that the water distribution lines are constructed in accordance with its plans and specifications, as approved by the Environmental and Public Protection Cabinet and the Water District, and with accepted engineering practices.

5. The Water District shall exercise reasonable efforts to the extent permitted by law to assist the Applicant in determining the route of the proposed water distribution main.

6. Within 60 days of its receipt of Applicant's written statement of the water distribution mains' total cost, the Water District shall advise Applicant of its acceptance of the stated cost or request additional information to support Applicant's statement of total cost. If Water District does not accept Applicant's statement of cost, it shall advise the Applicant of its reasons for rejecting the Applicant's statement and shall state its estimate of the total cost of the water distribution mains.

7. Upon its preliminary acceptance of the water distribution main, the Water District shall begin providing water service to any person applying for service through these mains.

8. Water District shall make its final acceptance of the water distribution main and related appurtenances and shall assume ownership and all responsibility for its operation and maintenance after one year of operation without a significant leak or maintenance problem.

9. Each year, for a period of 10 years following its preliminary acceptance of the water distribution main, the Water District shall refund to the Applicant a sum equal to the cost of 50 feet of the distribution main installed for each new customer connected during the year whose service line is directly connected to the distribution main, and not to extensions or laterals therefrom. The Water District's total refunds to the Applicant for the water distribution main, however, shall not exceed the "maximum

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RULES AND REGULATIONS

cumulative refund amount.”* If the Water District’s required refund for an annual period would result in total cumulative refunds to the Applicant for the water distribution main exceeding the “maximum cumulative refund amount,” the Water District shall credit the amount in excess of the “maximum cumulative refund amount” to the next annual period for refund. Total amount refunded shall not exceed water distribution mains’ total cost. No refund shall be made for connections made to water distribution mains after the refund period ends. The Water District shall make refund payments to the Applicant within 30 days of the anniversary of the preliminary acceptance of the water distribution mains.

B. In those instances where the Applicant contracts with the Water District for the design of the proposed water distribution main:

1. The Water District shall retain the services of a professional engineer licensed by the state of Kentucky to prepare and/or examine all plans and specifications for the proposed water distribution main extension. It shall advise Applicant of all modifications that are reasonably necessary to ensure the quality and reliability of water service or the Water District’s operational efficiency and integrity and that are consistent with accepted engineering standards.

2. The Water District shall submit the plans and specifications of the proposed water main distribution, as modified by the retained professional engineer, to the Division of Water, Kentucky Environmental and Public Protection Cabinet and apply for that agency’s approval of those plans and specifications.

3. The Water District shall apply for the necessary regulatory permits or approvals from all other state agencies that exercise jurisdiction over the proposed water distribution main extensions.

4. The Water District will provide all inspection and engineering services required for the construction of the proposed water distribution mains.

* “Maximum Cumulative Refund Amount” = Total Cost of Water Distribution Mains x Number of Years Elapsed Since Preliminary Acceptance of Water Distribution Mains x .10.

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5. Upon receipt of the retained professional engineer's certification that the water distribution lines are constructed in accordance with its plans and specifications, as approved by the Environmental and Public Protection Cabinet and the Water District, and with accepted engineering practices, the Water District shall make its preliminary acceptance of the proposed water distribution main and any related appurtenances.

6. The Water District shall pay all reasonable engineering and design costs related to the services provided by the retained professional engineer. Such payments will be made from the funds that the Applicant deposited with the Water District at the time of executing the Agreement for Water Main Extension to Serve a Real Estate Development.

7. The Water District shall exercise reasonable efforts to the extent permitted by law to assist the Applicant in determining the route of the proposed water distribution main.

8. Water District shall make its final acceptance of the water distribution main and related appurtenances and shall assume ownership and all responsibility for its operation and maintenance after one year of operation without a significant leak or maintenance problem.

9. Water District shall prepare all documents necessary for the Applicant to convey an easement sufficient to install, repair, replace, or construct any facilities necessary to distribute and meter water to the proposed real estate development and to each parcel of property located within the development.

10. Each year, for a period of 10 years following its preliminary acceptance of the water distribution main, the Water District shall refund to the Applicant a sum equal to the cost of 50 feet of the distribution main installed for each new customer connected during the year whose service line is directly connected to the distribution main, and not to extensions or laterals therefrom. The Water District's total refunds to the Applicant for the water distribution main, however, shall not exceed the "maximum

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cumulative refund amount.”* If the Water District’s required refund for an annual period would result in total cumulative refunds to the Applicant for the water distribution main exceeding the “maximum cumulative refund amount,” the Water District shall credit the amount in excess of the “maximum cumulative refund amount” to the next annual period for refund. Total amount refunded shall not exceed water distribution mains’ total cost. No refund shall be made for connections made to water distribution mains after the refund period ends. The Water District shall make refund payments to the Applicant within 30 days of the anniversary of the preliminary acceptance of the water distribution mains.

V. **NOTIFICATIONS.** Unless otherwise designated in writing, all notifications required under this section shall be made to: **[Insert Appropriate Official, Address, Telephone Number]**.

VI. Except where a conflict exists between the provisions of this Section and the provisions of Administrative Regulation 807 KAR 5:066, Section 11, the provisions of Administrative Regulation 807 KAR 5:066, Section 11, shall apply to all extensions made pursuant to this Section.

* “Maximum Cumulative Refund Amount” = Total Cost of Water Distribution Mains x Number of Years Elapsed Since Preliminary Acceptance of Water Distribution Mains x .10.

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BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

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APPENDIX A
AGREEMENT FOR WATER MAIN EXTENSION
TO SERVE A REAL ESTATE DEVELOPMENT

This AGREEMENT, made and entered into on this the _____ day of _____,
_____, by and between the SOUTH ANDERSON WATER DISTRICT (“Water District”) and
_____, (“the Applicant”).

WITNESSETH:

WHEREAS, the Applicant owns real estate that is located within the Water District’s
boundaries; and,

WHEREAS, the Applicant’s real estate development is more accurately described as
_____ (**provide description of property**) _____; and,

WHEREAS, the Applicant proposes to develop its real estate development and requires
an extension of the Water District’s water mains to have water service provided to the proposed
real estate development; and,

WHEREAS it is the Parties’ desire to provide safe and potable water to the proposed real
estate development;

NOW, THEREFORE, the Parties agree as follows:

THE APPLICANT SHALL HAVE THE FOLLOWING RESPONSIBILITIES:

1. Applicant shall provide the Water District or its designated representative with all
preliminary plans and specifications of the proposed water main extension and any other
documents as reasonably necessary to review Applicant’s request for service. All preliminary
plans and specifications shall be prepared by a professional engineer who is licensed to practice
engineering in the Commonwealth of Kentucky.

2. Applicant shall make all reasonable modifications to the plans and specifications of
the proposed water distribution main extensions that the Water District or its designated

representative requests and that are reasonably necessary to ensure the quality and reliability of water service or the Water District's operational efficiency and integrity and that are consistent with accepted engineering standards.

3. Prior to its submission of final plans and specifications for the proposed water distribution main extension to the Division of Water, Environmental and Public Protection Cabinet, Applicant shall obtain the Water District's approval of such plans and specifications.

4. Applicant shall reimburse the Water District for all expenses that the Water District incurs in its review of Applicant's proposed plans and specifications, inspection of constructed facilities, and any other reasonable actions necessary to facilitate the construction of the proposed water distribution mains. The Applicant shall deposit with the Water District at the execution of this Agreement [**Enter Amount of Deposit**], which is the Water District's estimate of these costs.

5. Applicant shall permit Water District employees, agents, or representatives reasonable access to the proposed real estate development upon reasonable notice and at reasonable hours.

6. Applicant shall obtain all necessary approvals from county planning and zoning commissions.

7. Applicant shall be responsible for the cost of the proposed water lines and appurtenant facilities, all costs arising out of the inspection and testing of water lines, and any and all legal fees resulting from the placement and construction of the proposed water lines.

8. Applicant shall advise the Water District or its designated representative of the date and time for the commencement of construction and installation of all water mains within the proposed real estate development.

9. Applicant shall not cover with soil or other material any portion of the proposed water main extension until the Water District or its designated representative has inspected the water main. He shall notify the Water District or its designated representative at least 24 hours in advance of any action to cover any portion of the proposed water mains.

10. Applicant shall not test the proposed water main extension for leakage or contamination without the Water District's prior knowledge and agreement. Applicant shall notify the Water District or its designated representative at least 24 hours in advance of any action to cover or to test water mains.

11. Applicant shall grant to the Water District an easement sufficient to install, repair, replace, or construct any facilities necessary to distribute and meter water to the proposed real estate development and to each parcel of property located within the development.

12. Upon completion of construction of the proposed water distribution mains, Applicant shall notify the Water District in writing of the completion.

13. Within 60 days of completion of construction of the proposed water distribution mains, the Applicant shall furnish to the Water District a copy of the as-built plans for the mains.

14. Upon completion of proposed water distribution mains and the Water District's preliminary acceptance of the water distribution mains, Applicant shall grant to the Water District the right and authority to provide water service through the water distribution main. Applicant shall retain all ownership rights in the water distribution mains and all easements for property on which the water distribution main is situated and shall be responsible for the operation and performance of such water distribution mains and for any expenses or costs related to their maintenance or repair for a period of 12 months from the date of the preliminary acceptance.

15. Within 60 days of the Water District's preliminary acceptance of the water distribution mains, the Applicant shall provide to the Water District a written statement of the mains' total cost, itemizing in detail the components of the total cost.

THE WATER DISTRICT SHALL HAVE THE FOLLOWING RESPONSIBILITIES:

1. Water District or its designated representative shall examine all plans and specifications for the proposed water distribution main extension and shall advise Applicant of any and all modifications that are reasonably necessary to ensure the quality and reliability of water service or the Water District's operational efficiency and integrity and that are consistent with accepted engineering standards.

2. Water District or its designated representative shall promptly inspect the proposed water main extension after receiving proper notice from the Applicant of its intent to cover the main with soil or other material.

3. Water District or its designated representative shall promptly advise Applicant of its decision on any testing of the proposed water distribution main upon receiving proper notice of the Applicant's intent to test the main.

4. Water District agrees to preliminarily accept the Applicant's donation of completed water distribution mains upon receiving certification from a person who is licensed in the Commonwealth of Kentucky as a professional engineer that the water distribution lines are constructed in accordance with its plans and specifications, as approved by the Environmental and Public Protection Cabinet and the Water District, and with accepted engineering practices.

5. The Water District shall exercise reasonable efforts to the extent permitted by law to assist the Applicant in determining the route of the proposed water distribution main.

6. Within 60 days of its receipt of Applicant's written statement of the water distribution mains' total cost, the Water District shall advise Applicant of its acceptance of the stated cost or

request additional information to support Applicant's statement of total cost. If the Water District does not accept Applicant's statement of cost, it shall advise the Applicant of its reasons for rejecting the Applicant's statement and shall state its estimate of the total cost of the water distribution mains.

7. Upon its preliminary acceptance of the water distribution main, the Water District shall begin providing water service to any person applying for service through these mains.

8. The Water District shall make its final acceptance of the water distribution main and related appurtenances and shall assume ownership and all responsibility for its operation and maintenance after one year of operation without a significant leak or maintenance problem.

9. Each year, for a period of 10 years following its preliminary acceptance of the water distribution main, the Water District shall refund to the Applicant a sum equal to the cost of 50 feet of the distribution main installed for each new customer connected during the year whose service line is directly connected to the distribution main, and not to extensions or laterals therefrom. The Water District's total refunds to the Applicant for the water distribution main, however, shall not exceed the "maximum cumulative refund amount." ("Maximum Cumulative Refund Amount" equals the Total Cost of Water Distribution Mains multiplied by the Number of Years Elapsed since Preliminary Acceptance of Water Distribution Mains multiplied by 0.10.) If the Water District's required refund for an annual period would result in total cumulative refunds to the Applicant for the water distribution main exceeding the "maximum cumulative refund amount," the Water District shall credit the amount in excess of the "maximum cumulative refund amount" to the next annual period for refund. Total amount refunded shall not exceed water distribution mains' total cost. No refund shall be made for connections made to water distribution mains after the refund period ends. The Water District shall make refund payments to the Applicant within 30 days of the anniversary of the preliminary acceptance of the water distribution mains.

THE PARTIES FURTHER AGREE THAT unless otherwise designated in writing, all notifications required under this section shall be made to:

South Anderson Water District:

Applicant:

Dated this the day and year first written above.

SOUTH ANDERSON WATER DISTRICT

APPLICANT

Position

Position

APPENDIX B
AGREEMENT FOR WATER MAIN EXTENSION
TO SERVE A REAL ESTATE DEVELOPMENT

This AGREEMENT, made and entered into on this the _____ day of _____,
_____, by and between the SOUTH ANDERSON WATER DISTRICT (“Water District”) and
_____, (“the Applicant”).

WITNESSETH:

WHEREAS, the Applicant owns real estate that is located within the Water District’s
boundaries; and,

WHEREAS, the Applicant’s real estate development is more accurately described as
_____ **(provide description of property)** _____; and,

WHEREAS, the Applicant proposes to develop its real estate development and requires
an extension of the Water District’s water mains to have water service provided to the proposed
real estate development; and,

WHEREAS it is the Parties’ desire to provide safe and potable water to the proposed real
estate development; and,

WHEREAS, the Applicant desires the Water District to provide the design and
engineering services necessary for the construction of the water mains necessary to serve the real
estate development;

NOW, THEREFORE, the Parties agree as follows:

THE APPLICANT SHALL HAVE THE FOLLOWING RESPONSIBILITIES:

1. Applicant shall provide the Water District or its designated representative with all
preliminary plans and specifications of the proposed water main extension and any other
documents as reasonably necessary to review Applicant’s request for service. All preliminary

plans and specifications shall be prepared by a professional engineer who is licensed to practice engineering in the Commonwealth of Kentucky.

2. At the time of executing this Agreement, Applicant shall deposit [Enter Amount of Deposit] with the Water District an amount equal to the estimated design costs. During the course of construction of the proposed water distribution main, the Water District may draw upon the deposited amount to pay such costs. If the Water District incurs any design costs in excess of the deposited amount, Applicant shall pay such charges within 30 days of presentation of a Statement of Costs by the Water District. Applicant shall pay the total cost of design of the proposed water lines and appurtenant facilities. "Design costs" include, but are not limited to, all costs associated the engineering and design of the proposed water distribution mains, fees for permits, inspections and licenses, and costs incurred in the acquisition of easements (including attorney fees and court costs).

3. Applicant shall be responsible for the cost of the proposed water lines and appurtenant facilities, all costs arising out of the inspection and testing of water lines, and any and all legal fees resulting from the placement and construction of the proposed water lines.

4. Applicant shall make all reasonable modifications to the plans and specifications of the proposed water distribution main extensions that the Water District or its designated representative requests and that are reasonably necessary to ensure the quality and reliability of water service or the Water District's operational efficiency and integrity and that are consistent with accepted engineering standards.

5. Applicant shall permit Water District employees, agents, or representatives reasonable access to the proposed real estate development upon reasonable notice and at reasonable hours.

6. Applicant shall obtain all necessary approvals from county planning and zoning commissions.

7. Applicant shall advise the Water District or its designated representative of the date and time for the commencement of construction and installation of all water mains within the proposed real estate development.

8. Applicant shall not cover with soil or other material any portion of the proposed water main extension until the Water District or its designated representative has inspected the water main. He shall notify the Water District or its designated representative at least 24 hours in advance of any action to cover any portion of the proposed water mains.

9. Applicant shall not test the proposed water main extension for leakage or contamination without the Water District's prior knowledge and agreement. Applicant shall notify the Water District or its designated representative at least 24 hours in advance of any action to cover or to test water mains.

10. Applicant shall grant to the Water District an easement sufficient to install, repair, replace, or construct any facilities necessary to distribute and meter water to the proposed real estate development and to each parcel of property located within the development.

11. Upon completion of proposed water distribution mains and the Water District's preliminary acceptance of the water distribution mains, Applicant shall grant to the Water District the right and authority to provide water service through the water distribution main. Applicant shall retain all ownership rights in the water distribution mains and all easements for property on which the water distribution main is situated and shall be responsible for the operation and performance of such water distribution mains and for any expenses or costs related to their maintenance or repair for a period of 12 months from the date of the preliminary acceptance.

12. Within 60 days of the Water District's preliminary acceptance of the water distribution mains, the Applicant shall provide to the Water District a written statement of the mains' total cost, itemizing in detail the components of the total cost.

THE WATER DISTRICT SHALL HAVE THE FOLLOWING RESPONSIBILITIES:

1. The Water District shall retain the services of a professional engineer licensed by the state of Kentucky to prepare and/or examine all plans and specifications for the proposed water distribution main extension. It shall advise Applicant of all modifications that are reasonably necessary to ensure the quality and reliability of water service or the Water District's operational efficiency and integrity and that are consistent with accepted engineering standards.

2. The Water District shall submit the plans and specifications of the proposed water main distribution, as modified by the retained professional engineer, to the Division of Water, Kentucky Environmental and Public Protection Cabinet and apply for that agency's approval of those plans and specifications.

3. The Water District shall apply for the necessary regulatory permits or approvals from all other state agencies that exercise jurisdiction over the proposed water distribution main extensions.

4. The Water District will provide all inspection and engineering services required for the construction of the proposed water distribution mains.

5. Upon receipt of the retained professional engineer's certification that the water distribution lines are constructed in accordance with its plans and specifications, as approved by the Environmental and Public Protection Cabinet and the Water District, and with accepted engineering practices, the Water District shall make its preliminary acceptance of the proposed water distribution main and any related appurtenances.

6. The Water District shall pay all reasonable engineering and design costs related to the services provided by the retained professional engineer. Such payments will be made from the funds that the Applicant deposited with the Water District at the time of executing the Agreement for Water Main Extension to Serve a Real Estate Development.

7. The Water District shall exercise reasonable efforts to the extent permitted by law to assist the Applicant in determining the route of the proposed water distribution main.

8. Water District shall make its final acceptance of the water distribution main and related appurtenances and shall assume ownership and all responsibility for its operation and maintenance after one year of operation without a significant leak or maintenance problem.

9. Water District shall prepare all documents necessary for the Applicant to convey an easement sufficient to install, repair, replace, or construct any facilities necessary to distribute and meter water to the proposed real estate development and to each parcel of property located within the development.

10. Each year, for a period of 10 years following its preliminary acceptance of the water distribution main, the Water District shall refund to the Applicant a sum equal to the cost of 50 feet of the distribution main installed for each new customer connected during the year whose service line is directly connected to the distribution main, and not to extensions or laterals therefrom. The Water District's total refunds to the Applicant for the water distribution main, however, shall not exceed the "maximum cumulative refund amount." ("Maximum Cumulative Refund Amount" equals the Total Cost of Water Distribution Mains multiplied by the Number of Years Elapsed since Preliminary Acceptance of Water Distribution Mains multiplied by 0.10.) If the Water District's required refund for an annual period would result in total cumulative refunds to the Applicant for the water distribution main exceeding the "maximum cumulative refund amount," the Water District shall credit the amount in excess of the "maximum cumulative refund amount"

to the next annual period for refund. Total amount refunded shall not exceed water distribution mains' total cost. No refund shall be made for connections made to water distribution mains after the refund period ends. The Water District shall make refund payments to the Applicant within 30 days of the anniversary of the preliminary acceptance of the water distribution mains.

THE PARTIES FURTHER AGREE THAT unless otherwise designated in writing, all notifications required under this section shall be made to:

South Anderson Water District:

Applicant:

Dated this the day and year first written above.

SOUTH ANDERSON WATER DISTRICT

Position

APPLICANT

Position