

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JAN 19 2007

PUBLIC SERVICE
COMMISSION

In Re: The Matter of

PROPOSED WATER PURCHASE AGREEMENT CASE NO. 2006-00409
BETWEEN THE CITY OF WILMORE AND
JESSAMINE-SOUTH ELKHORN WATER
DISTRICT

**RESPONSE TO SHOW CAUSE ORDER
AND TENDER OF NEW CONTRACT**

Comes The City of Wilmore, by and through counsel, and does hereby offer the following as its Response to the Show Cause Order rendered herein.

1. That the undersigned, as counsel for the City of Wilmore, did receive the Show Cause Order issued by this Commission.

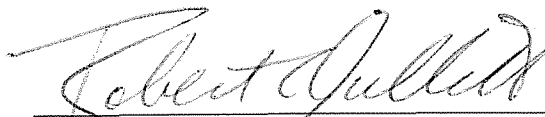
2. That subsequent thereto a new contract was entered into by and between the City of Wilmore and the Jessamine South Elkhorn Water District. This contract, a copy of which is attached hereto, omitted the objectionable language and I thought that this would suffice as a Response to the aforementioned Order.

3. That I reviewed the new contract and passed it on for the appropriate signatures. I assumed that it would be forwarded to the Public Service Commission in a timely manner.

4. That in late November, my mother underwent hip replacement surgery and my thoughts and time were somewhat consumed by her and her needs.

5. That I apologize for the delay in this Response and I respectfully request that this Response be accepted and that the Show Cause Order be set aside.

This the 19th day of January, 2007.



ROBERT L. GULLETTE, JR.
P.O. BOX 915
NICHOLASVILLE, KY. 40340

CERTIFICATE OF SERVICE

This is to certify that a true copy of the foregoing was served, by US Mail, postage prepaid, upon the following, on this the 19th day of January, 2007.

Hon. Jerry Wuetcher
Public Service Commission
Frankfort, Ky. 40601

Hon. Bruce E. Smith
110 North Main Street
Nicholasville, Ky. 40356

Ms. Diane Clark
Office Manager
Jessamine South Elkhorn Water District
P.O. Box 731
Nicholasville, Ky. 40356



ROBERT L. GULLETTE, JR.
P.O. BOX 915
NICHOLASVILLE, KY. 40340

WATER PURCHASE AGREEMENT

This contract for the sale and purchase of water is entered into as of this the 6th day of November, 2006, between **City of Wilmore**, a Kentucky Municipal Corporation, East Main Street, Wilmore, Kentucky 40390, hereinafter referred to as "Seller" and the **Jessamine South Elkhorn Water District**, 107 South Main Street, Nicholasville, Kentucky 40356, hereinafter referred to as the "Purchaser".

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of KRS Chapter 74 of the Laws of the Commonwealth of Kentucky for the purpose of constructing and operating a water supply distribution system serving water users within the area described as the Northwest Service Area and to accomplish this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the Seller's system and the water users to be served by the said Purchaser, and

Whereas, by Ordinance No. 556-06 enacted on the 5th day of June, 2006, by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said Ordinance was approved, and the execution of this contract by the Mayor, and attested by the City Clerk, was duly authorized, and

Whereas, by Wilmore City Council action on November 6, 2006, the "Water Purchase Agreement" dated June 5, 2006 was amended as reflected by the wording of this Contract, and

Whereas, by motion of the Board of Commissioners of the Purchaser, enacted on the 6 day of DECEMBER, 2006, the purchase of water from the Seller in

accordance with the terms set forth in this contract were approved, and the execution of this contract by the Chairman, and attested by the Secretary was duly authorized.

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

A. The Seller Agrees:

1. To furnish the Purchaser at the point of delivery, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Public Service Commission and Division of Water, Kentucky Department of Natural Resources in such quantity as may be required by the Purchaser, but not to exceed an average of 600,000 gallons per day.

2. That water will be furnished at a reasonable constant pressure calculated at 60 PSI from an existing 12 inch main supply at a point located on said existing 12" main that spans from Luce Center Water Tower northerly to the Veterans Center Water Tower. 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. 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 Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. The Developer will furnish and install, and the Seller will operate and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve

(12) months. A meter registering not more than two percent (2%) above or below the test shall be deemed to be accurate.

The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the months previous to such test, and extending back to the previous accuracy test, in accordance with the percentage of inaccuracy found by the latest test. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser agree upon a different amount. The metering equipment shall be read on the last Friday of each month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. To furnish the Purchaser at the above address not later than the first day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

To pay the Seller per the readings obtained from the master meter, not later than the twelfth day of each month, for water delivery in accordance with the following schedule of rates:

- a. \$8.57 for the first 2000 gallons, which amount shall also be the minimum rate per month.
- b. \$5.29 per 1000 gallons for water in excess of 2000 gallons but less than 5000 gallons.
- c. \$4.69 per 1000 gallons for water in excess of 5000 gallons but less than 10,000 gallons.
- d. \$4.27 cents per 1000 gallons for water in excess of 10,000 gallons.

C. It is further mutually agreed between the Seller and Purchaser as follows:

1. That this contract shall extend for a term of forty (40) years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's customers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's customers is reduced or diminished.

3. That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivery are subject to modification, in the same manner and rate as Seller's other customers within the corporate limits of the City of Wilmore. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder. Other provisions of this contract may be modified or altered by mutual agreement expressed in writing and duly adopted by the parties.

4. That this contract is subject to such rules, regulations or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

5. That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

In witness whereof, the parties hereto, acting under the authority of their respective governing bodies, have caused this contract to be duly executed in four (4) counterparts, each of which shall constitute an original.

Seller: City of Wilmore

By: Harold L. Rainwater
Harold L. Rainwater, Mayor

Per Ordinance No. 556-06

Date: November 6, 2006

Attest:

Colleen Brandenburg
Colleen Brandenburg
City Clerk

Purchaser: Jessamine South Elkhorn Water District

By: L. Nicholas Strong
L. Nicholas Strong, Chairman

Per Motion Dated: 12-6-06

Attest:

George Dale Robinson
George Dale Robinson
Secretary