

**MOUNTAIN WATER DISTRICT
PIKEVILLE, KY.**

CASE NO. 2008-00508

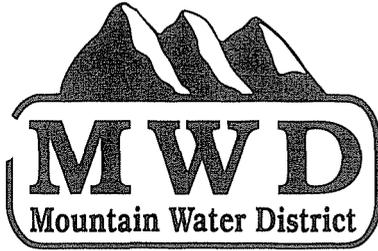
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**RESPONSE TO COMMISSION STAFF'S
SECOND SET
OF INFORMATION REQUESTS TO
MOUNTAIN WATER DISTRICT**

JUNE 12, 2009



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PIKEVILLE, KY 41502
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June 11, 2009

Jeff Derouen
Kentucky Public Service Commission
PO Box 615
Frankfort, Ky. 40602-0615

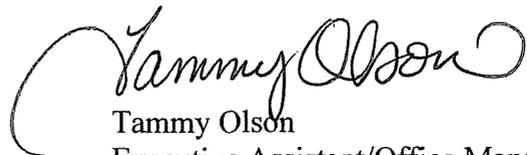
RE: Case No. 2008-00508

Dear Mr. Derouen,

Please find enclosed Mountain Water District's responses to your inquiries. I, Tammy Olson, in the absence of Kevin Lowe, compiled all of the following responses. All responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Should you have any questions, please contact me at 606-631-9162, extension 303.

Sincerely,



Tammy Olson
Executive Assistant/Office Manager

cc: Toni Akers, Chairperson, MWD
Honorable David Edward Spenard, Asst. Attorney General
Grondall Potter, Manager
Kevin Lowe, Executive Asst/Office Manager
PSC – Non Recurring Rate Charges File

1.

- a. State the number of Mountain District customers that are currently served through a pressurized sewer system.

The Mountain Water District previously provided this information. Refer to Mountain Water District's Response to Commission Staff's First Set of Information Requests, Item 2.

- b. Stated the number of Mountain District customers that are currently served through a gravity sewer system.

The Mountain Water District currently serves 236 customers through a gravity sewer system.

2. Refer to Mountain District's Response to Commission Staff's First Set of Information Requests, Item 3, in which Mountain District states that none of its customers are served through a ¾-inch tap. If none of Mountain District's sewer customers are served through a ¾-inch tap, explain why Mountain District has a sewer tap fee of \$700 for such connection in its filed rate schedules and why such a fee should continue.

The only information that can be submitted on this issue is that previous management may have used the water tariff rate page as a guide when applying for the sewer tariff and mistakenly left in the ¾" line size (which is the standard residential water tap size).

3. In Case No. 1997-00112,¹ the Commission established a tap fee of \$750 for Mountain District's sewer system and has not directed or permitted a revision to this fee since that proceeding. State why Mountain District's filed rate schedules do not reflect this fee, but instead reflect a tap fee of \$700.

The PSC website is the official site for tariff information and that is where current management has gone to retrieve the most current tariff. It is listed on the PSC website as \$700. I cannot answer as to why the previous administration did not use the amount of \$750 instead of \$700 since 1997.

4. Refer to Mountain District's Response to Commission Staff's First Set of Information Requests, Item 4. In its response, Mountain District states that the

proposed tap fee includes the grinder station and “all other parts for installation of the grinder station.”

- a. **State whether Mountain District considers the grinder station and all related parts to be the property of the water district. Explain.**

The grinder station and all parts used to connect the grinder to the main sewer line are the property of the Mountain Water District. The service line from the grinder station to the property owner’s home belongs to the property owner and is therefore their responsibility. The Mountain Water District maintains the grinder station in good working order as well as the sewer line, lift stations and waste water treatment plants within our service boundaries.

- b. **State how Mountain District will account for depreciation on the grinder station and its related parts.**

The Mountain Water District will account for depreciation expense by the straight line method over a useful life of five (5) years.

- c. **Assume that, after payment of the tap fee and extended use of the grinder station, the station fails and requires replacement. State whether Mountain District is responsible for the cost of replacement. Explain.**

The Mountain Water District is responsible for maintaining the grinder station for that customer as long as it remains on that property and is not tampered with or abused.

- d. **Assume that, after payment of the tap fee and extended use of the grinder station, the station required repair. Identify the person or party that is responsible for the cost of repairs. Explain.**

If still under warranty: Environment One, Inc. (Current Supplier)

If not under warranty: Mountain Water District

Mountain Water District’s wastewater staff is trained by E-One to repair or pull for replacement any grinder station that requires maintenance. If a grinder station cannot be repaired by the Mountain Water District staff, or is still under warranty, it is sent back to E-One to be repaired or replaced. The customer may be asked to pay for the repairs of the grinder station if the unit has been tampered with or abused which caused the failure of the unit.

5. State whether Mountain District takes the position that KRS 278.0152 authorizes the proposed tap fee. If yes, explain.

Yes. The Mountain Water District is a non profit organization, and as such, is able to recover costs related to the installation of water meters and appurtenances that would allow the District to generate revenue through metered water sales. Therefore, KRS 278.0152 applies to any non-profit utility who must install equipment and parts in order to connect customers to their system, thus generating revenue that will enable it to remain a service provider and maintain said parts and equipment, whether it is water or wastewater.

278.0152 Water utility permitted to charge a tapping fee for installing service to customer.

- (1) Any utility subject to this chapter which is engaged in the distributing or furnishing of water to or for the public, for compensation, may, subject to the approval of the commission, make a charge or "tapping fee" for installing service to its customers.
- (2) The "tapping fee" shall include charges for a service tap, meter, meter vault, and installation thereof.

Effective: July 15, 1988

History: Created 1988 Ky. Acts ch. 8, sec. 1, effective July 15, 1988.