

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CITY OF STANFORD, WATER AND)	
SEWER COMMISSION)	
)	
COMPLAINANT)	
)	
v.)	CASE NO. 96-556
)	
MCKINNEY WATER DISTRICT)	
)	
DEFENDANT)	

ORDER TO SATISFY OR ANSWER

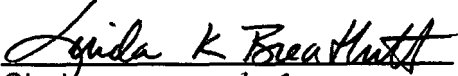
McKinney Water District ("McKinney Water") is hereby notified that it has been named as defendant in a formal complaint filed on November 13, 1996, a copy of which is attached hereto.

Pursuant to 807 KAR 5:001, Section 12, McKinney Water is HEREBY ORDERED to satisfy the matters complained of or file a written answer to the complaint within 10 days from the date of service of this Order.

Should documents of any kind be filed with the Commission in the course of this proceeding, the documents shall also be served on all parties of record.

Done at Frankfort, Kentucky, this 25th day of November, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

NOV 13 1996

PUBLIC SERVICE COMMISSION

In the Matter of:

City of Stanford, Water & Sewer Commission)
(Your Full Name))
COMPLAINANT)

VS.

McKinney Water District)
(Name of Utility))
DEFENDANT)

96-556

C O M P L A I N T

The complaint of City of Stanford, Water & Sewer Commission respectfully shows:
(Your Full Name)

(a) City of Stanford, Water & Sewer Commission
(Your Full Name)

P.O. Box 45 , Stanford, KY 40484
(Your Address)

(b) McKinney Water District
(Name of Utility)

P.O. Box 7, McKinney, KY 40448
(Address of Utility)

(c) That: See Attachment
(Describe here, attaching additional sheets if

necessary, the specific act, fully and clearly, or facts

that are the reason and basis for the complaint.)

Formal Complaint

City of Stanford,
Water & Sewer Commission VS
(Your Name)

McKinney Water District
(Utility Name)

Page 2

Wherefore, complainant asks that the McKinney Water District
(Specifically state the

be required to replace the master meters discribed herein in
relief desired.)

accordance with the proposal setforth herein.

Dated at Stanford, Kentucky, this 6th day
(Your City)

of November, 19 96.
(Month)

x James W. Williams III
(Your Signature)

James W. Williams III
P.O. Box 474, Stanford KY 40484
(Name and address of attorney, if any)

**ATTACHMENT TO PSC COMPLAINT
CITY OF STANFORD WATER & SEWER V. MCKINNEY WATER DISTRICT**

The City of Stanford, Water and Sewer Commission furnishes treated water to the McKinney Water District pursuant to a contract entered into during April of 1990.

The contract provides that the purchaser (McKinney Water District) will furnish and completely install all required master meters, including replacement meters. A copy of this contract is attached as Exhibit "A".

The Water District takes delivery of water from the City of Stanford at three locations, thus there are three master meters involved. Two of these are turbin type meters and one is a compound meter.

The compound meter was tested on March 14, 1996 and determined to be inoperative upon the low side. On April 3, 1996, the turbin meter on Neals Creek Road was noted to be broken and not operating. Requests were made by the City of Stanford upon McKinney Water District that the meters be replaced. It was proposed by the City that the meters be replaced with compound meters, with strainers and that vaults be constructed to house the meters at the Neals Creek Road and Rowland locations. See Exhibits "B" and "C" attached hereto. The City of Stanford is agreeable to paying one-half (1/2) the cost of this replacement and assuming responsibility for the maintenance of the meters in the future.

No action has been taken upon Stanford's request.

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the _____ day of _____,
19 _____, between the _____ City of Stanford _____

Stanford, Kentucky 40484
(Address)

hereinafter referred to as the "Seller" and the _____ McKinney Water District _____
P.O. Box 7, McKinney, Kentucky 40448
(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of _____ Chapter 273 _____ of the
Code of _____ KY Revised Statutes _____, for the purpose of constructing and operating a water supply distribution
system serving water users within the area described in plans now on file in the office of the Purchaser 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 estimated number of water users to be served by the said Purchaser as shown
in the plans of the system now on file in the office of the Purchaser, and

Whereas, by _____ Resolution _____ No. _____ enacted on the _____ 5th _____ day
of _____ April _____, 19 90, by the Seller, the sale of water to the Purchaser in accordance
with the provisions of the said _____ Resolution _____ was approved, and the execution of this contract

carrying out the said _____ Resolution _____ by the _____ Mayor of the City of Stanford _____,
and attested by the Secretary, was duly authorized, and

Whereas, by _____ Resolution _____ of the _____ McKinney Water District _____
of the Purchaser, enacted on the _____ 10th _____ day of _____ April _____, 19 90,
the purchase of water from the Seller in accordance with the terms set forth in the said _____ Resolution and Contract _____
was approved, and the execution of this contract by the _____ President, Harrison Reynolds _____, 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. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of
this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the _____
Kentucky State Board of Health _____

in such quantity as may be required by the Purchaser not to exceed _____ 283,000 _____ gallons per _____ month _____ day
(see Item C (10)).

Exhibit "A"

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at 130(±) p.s.i. from an existing six (6) and eight (8) inch main supply at ~~xxxxxx~~ points located near the L&N Railroad crossing of US 150 east of Stanford and near Neals Creek on KY 698 southwest of Stanford, respectively

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. (Metering Equipment) To ~~xxxxxx~~, 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 result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate

shall be corrected for the three (3) months previous to such test in accordance with the percentage of inaccuracy found by such tests. 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 shall agree upon a different amount. The metering equipment shall be read on 1st day 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. (Billing Procedure) To furnish the Purchaser at the above address not later than the 10th day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 15th day of each month, for water delivered in accordance with the following schedule of rates:

- a. \$ 1.20 ~~per~~ per 1000 gallons, ~~xxxxxx~~ at Stanford delivery
~~xxxxxx~~ point.
- b. \$ 1.38 cents per 1000 gallons for water ~~xxxxxx~~ at the Rowland and Neals Creek delivery
Point ~~xxxxxx~~
- c. \$ ----- cents per 1000 gallons for water in excess of ----- gallons.

It is understood and agreed that in the event the City of Stanford increases the price of water to its customers, the same rate of increase will apply to the McKinney Water District.

It is further understood and agreed that there will be no truck water sales from the line.

It is further understood and agreed that Purchaser will furnish and completely install all required master meters, including replacement meter.

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of ----- dollars which shall cover any and all costs of the Seller for installation of the metering equipment and -----

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

this contract

1. (Term of Contract) That this contract shall extend for a term of forty (40) years from the date of ~~the initial~~ and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That 30 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge of \$ 100.00 which will be paid by the contractor or, on his failure to pay, by the Purchaser.

4. (Failure to Deliver) 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 consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every 1 year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.

6. (Regulatory Agencies) 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.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

8. (Successor to the Purchaser) 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.

9. This contract supersedes the terms and conditions of the original contract between the City of Stanford and the Rowland Water Association, Inc. dated August 21, 1972 and subsequent assignment to the McKinney Water Association, Inc., dated April 16, 1974, and November 14, 1978.

10. Contract Quantities
Gallons Per Day (GPD)

	Existing Contract	Requested	Recommended Increases In Contract Limits		
			Step 1	Step 2	Step 3
McKinney District	100,000	200,000	110,000	130,000	200,000
Neals Creek	23,014	82,192	40,000	50,000	60,000
Rowland			18,000	20,000	23,000
Total	123,014	282,192	168,000	200,000	283,000

- Step 1 - Immediate
- Step 2 - After Tank Construction
- Step 3 - After Plant Expansion

in witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in five (5) counterparts, each of which shall constitute an original.

Seller:

City of Stanford

By Jack R. Anderson

Title Mayor

Attest:
Wanda Stroob
Secretary

Purchaser:

McKinney Water District

By Harrison Reynolds

Title President

Attest:
Deonda B. Higgins
Secretary

This contract is approved on behalf of the Farmers Home Administration this _____ day of _____, 19 _____.

By _____

Title _____

CITY OF STANFORD WATERWORKS

PHONE (606) 365-4510
(606) 365-4512
FAX (606) 365-4510

STANFORD, KENTUCKY 40484

P.O. BOX 45

April 4, 1996

Mr. Bob Maples
Chairman of the Board
McKinney Water District
P. O. Box 7
McKinney, Kentucky 40448

Dear Mr. Maples:

On March 14, 1996, Kentucky Rural Water Association provided a service of calibrating the master meter located at the end of Water Street. This is a compound meter and was tested three times that day with 99% to 100% accuracy on the high side. The reading on the low side was zero. The meter is not registering at all. I was informed that water passing thru this meter, less than 130 gallons per minute, was not being recorded. It is imperative that this meter be replaced.

On April 3, 1996, Dean Griffin informed me the master meter located at Neals Creek Road was broken and not recording. The meters at Neals Creek and Roland are turbin meters and can not be calibrated in the ground. Because of the amount of time these meters have been in service and the fact that two of three are not functioning properly at the present time, I feel all three master meters need to be replaced. We need to have them located in a vault or pit and all three meters in question need to be of compound type with strainers. We need to purchase two 4" meters and one 6" meter, in order to get the most accurate readings. The vaults will make it more accessible for your operation as well as the City of Stanford.

In our present water purchase contract of April 10, 1990, it was mutually agreed upon that the purchaser will furnish and completely install all required master meters, including replacement meters. I understand, there is substantial expense involved in purchasing three master meters with strainers, and two additional vaults. I have discussed this with the Stanford Water Commission and we are in agreement to split this cost with McKinney Water District 50/50, provided we could retain the three existing meters. We would take bids from at least two suppliers and proceed with the lowest bid.

These master meters are of extreme concern to the City of Stanford Waterworks and we would appreciate your immediate attention to this matter.

Sincerely,

Glenn E. Hurt
Manager

Exhibit "B"

CITY OF STANFORD WATERWORKS

PHONE (606) 365-4510
(606) 365-4512
FAX (606) 365-4510

STANFORD, KENTUCKY 40484

P.O. BOX 45

September 4, 1996

Mr. Bob Maples
P.O. Box 7
McKinney, Ky 40448

RE: 1. Master Meters
2. Water Usage Exceeding Contract
per Step 2 Agreement

Dear Mr. Maples:

Recent attempts, by our manager, to contact you concerning the status of master meters have been unsuccessful, I'm not sure if you are not being forwarded the calls or you have chosen not to respond. Whatever the reason, the subject of master meters being out of calibration and non-functioning still exists. When we, Stanford Water Commission, met with the McKinney Water Association on June 11, 1996 to discuss our concerns about the master meters not functioning properly, you indicated that you would study the situation and respond to us within two weeks. As of yet, we have not had a response to the issue.

At our monthly meeting held on September 3, 1996, we, Stanford Water Commission, were made aware that McKinney has also been exceeding your allowable limits by approximately 10% per Step 2 of the Contract. Our records indicate that this occurs at the Neals Creek and Water Street locations. Recent water losses, due to line breakage in the McKinney System, may be the primary contributors. This increased usage not only violates the Contract but is contributing to undue stresses to our system which results in increased time to process water at our treatment plant. We are approaching, at times exceeding, the 90% capacity of our plant. This places us in a precarious position with the State due to exceeding these limits.

We want to request your presence at our next water meeting to review your plans and corrective actions for:

1. Master Meters--replacement /repair to assure accurate measurement/recording of all water used by McKinney. The time frame and meter type should be prepared to review.
2. Water Usage--corrective actions that McKinney has or will put into place to assure you do not exceed the contract limits of water usage.

Exhibit "C"


We value McKinney Water District as a very important customer of ours and we are looking forward to the time when we can begin Step 3 on the Contract. This will assure you and your customers of an adequate water supply to meet your future needs. However, we need to work through the current problems with master meters and excessive water usage.

We are looking forward to meeting with you on October 1, 7:00 P.M. at City Hall in Stanford.

If you have any questions please feel free to call me at home 365-9674, work 238-3594 or at Stanford water office and I will be happy to discuss or review any of the above.

Sincerely,

CITY OF STANFORD WATER COMMISSION


Danny Bertam, Chairman

cc: Stanford Water Commission members

Jim Adams

Jane McGuffey

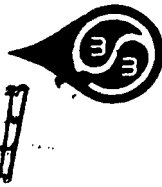
McKinney Water District Commission

J. C. Fletcher

Ray Floyd

Delmas Petrey

Wayne Sears



water works suppliers inc.

CERTIFIED METER TEST RESULTS

CORPORATE & SALES OFFICE
1505 RESEARCH DRIVE
PO BOX 1177
JEFFERSONVILLE IN 47131-1177
812/282-7703
FAX 812/283-5977

212 GRAVE STREET
PO BOX 112
PATOKA IN 47666-0122
812/779-5449 OR 779-5420
FAX 812/779-2837

611 S KEENEHILL DRIVE
PO BOX 615
RICHMOND KY 40476-0615
606/624-2800
FAX 606/623-4658

3148 CRESCENT AVENUE
PO BOX 18528
ERLANGER KY 41018-8528
606/342-5855
FAX 606/342-5885

2716 OUTER LOOP
PO BOX 19379
LOUISVILLE KY 40259-0379
502/969-6695
FAX 502/968-5417

2310 OLD STATE ROUTE 32
PO BOX 442
BATAVIA OH 45103-0442
513/732-9500
FAX 513/732-6281

1016 WHITES CREEK PIKE
PO BOX 70848
NASHVILLE TN 37207-0848
615/226-7473
FAX 615/227-1047

METER SIZE	METER MFG.	MFG MODEL	SERIAL NUMBER	BEFORE REPAIR TEST RESULTS				AFTER REPAIR TEST RESULTS				PARTS	
				FAST FLOW	MED FLOW	SLOW FLOW	AVG. TEST	FAST FLOW	MED FLOW	SLOW FLOW	AVG. TEST		
1 4"	Amicus	PT	1141141	Low Side	DEAD		FAIL						1-Certified Co
2			High Side 100	99	91		99.5						Field Meter
3													Test
4													
5													
6													
7	Comments: Meter does not meet POC and												
8	APBBA requirements, due to the failure												
9	of the line side.												
10													
11													
12													
13													Pump Station Meter
14													Meter
15													

DATE METERS RECEIVED _____

DATE REPAIRED 5-6-96

CUSTOMER RECEIVED FROM Tra of M-Binary

REPAIRED BY W0642 MPA PMA

RECEIVED BY: _____

DATE RETURNED _____