

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF BOONE COUNTY WATER	)	
DISTRICT'S DECISION TO CHANGE WATER	)	
SUPPLIERS AND OF THE AMENDMENT OF WATER	)	
SUPPLY AGREEMENTS BETWEEN NORTHERN	)	CASE NO. 2000-206
KENTUCKY WATER SERVICE DISTRICT AND	)	
BOONE COUNTY WATER DISTRICT AND THE CITY	)	
OF FLORENCE, KENTUCKY	)	

ORDER

Boone County Water District ("Boone District"), a water district that is organized pursuant to KRS Chapter 74 and that owns and operates facilities used to distribute water to the unincorporated areas of Boone County, Kentucky, is a utility subject to Commission jurisdiction. KRS 278.015. Its rates and service are subject to Commission regulation. KRS 278.040(2).

Northern Kentucky Water Service District ("NKWSD"), a water district that is organized pursuant to KRS Chapter 74 and that owns and operates facilities used to develop, distribute, and furnish water to Boone, Campbell, Kenton, and Pendleton counties, Kentucky, is a utility subject to Commission jurisdiction. KRS 278.015. Its rates and service are subject to Commission regulation. KRS 278.040

The city of Florence, Kentucky ("Florence"), is a city of the third class, that owns and operates a water distribution system to serve its residents. Florence currently purchases its water requirements from NKWSD. The rates and service provided by

NKWSD to Florence are fixed by contract that is subject to Commission review and approval. KRS 278.040(2); KRS 278.200.

Boone District has submitted for Commission review and approval<sup>1</sup> certain agreements that, when implemented, will result in the Cincinnati Water Works (“Cincinnati”) replacing NKWSD as Florence and Boone District’s exclusive water supplier. Having reviewed these agreements, the Commission finds that an investigation should be conducted to determine the reasonableness of the agreement between NKWSD, Florence and Boone District to amend their existing contracts for water service and to consider the effect of such agreements upon the rates and service of Boone District and NKWSD.

IT IS THEREFORE ORDERED that:

1. This proceeding is initiated to review the reasonableness of the agreement between NKWSD, Florence and Boone District to amend their existing contracts for water service and to consider the effect of such agreements upon Boone District’s rates and service.
2. The procedural schedule set forth in Appendix A to this Order shall be followed.
3. All requests for information and responses thereto shall be appropriately indexed. All responses shall include the name of the witness who will be responsible for responding to the questions related to the information provided, with copies to all parties of record and 11 copies to the Commission.

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<sup>1</sup> The parties request, in the alternative, that should we find that Commission approval of the agreements is not required, we enter an Order containing such finding.

4. At any hearing in this matter, neither opening statements nor summarization of direct testimony shall be permitted.

5. Motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

6. All documents that this Order requires to be filed with the Commission shall be served upon all parties of record.

7. To be timely filed with the Commission, a document must be received by the Secretary of the Commission within the specified time for filing except that any document shall be deemed timely filed if it has been transmitted by United States express mail, or by other recognized mail carriers, with the date the transmitting agency received said document from the sender noted by the transmitting agency on the outside of the container used for transmitting, within the time allowed for filing.

8. Service of any document or pleading shall be made in accordance with Administrative Regulation 807 KAR 5:001, Section 3(7), and Kentucky Civil Rule 5.02.

9. Boone District shall, no later than May 26, 2000, file with the Commission the original and 11 copies of the information listed in Appendix B, with a copy to all parties of record. Each copy of the requested information shall be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Boone District shall include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention shall be given to copied material to ensure its legibility.

10. NKWSD shall, no later than May 26, 2000, file with the Commission the original and 11 copies of the information listed in Appendix C, with a copy to all parties of record. NKWSD's responses shall conform to the requirements set forth in Paragraph 9 of this Order.

11. Florence shall, no later than May 26, 2000, file with the Commission the original and 11 copies of the information listed in Appendix D, with a copy to all parties of record. Florence's responses shall conform to the requirements set forth in Paragraph 9 of this Order.

12. Boone District, NKWSD, and Florence shall each file, no later than June 1, 2000, the written testimony of each witness that each proposes to use to support the reasonableness of the proposed agreement to amend their existing water service contracts. Boone District shall further file the written testimony of each witness that it proposes to use to support the reasonableness of its decision to replace water suppliers. The original and at least 3 copies of the testimony shall be filed:

- a. With a cover letter listing each witness presenting testimony.
- b. Bound in 3-ring binders or with any other fastener that readily opens and closes to facilitate photocopying.
- c. With witness's testimony tabbed.
- d. With every exhibit to each witness's testimony appropriately marked.

13. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

Done at Frankfort, Kentucky, this 1<sup>st</sup> day of May, 2000.

By the Commission

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2000-206 DATED MAY 1, 2000

Boone District, NKWSD and Florence shall file with the Commission and serve upon all parties of record their responses to the requests for information no later than ..... 05/26/2000

Boone District, NKWSD and Florence shall file with the Commission and serve upon all parties of record the written testimony of their witnesses no later than ..... 06/01/2000

Any supplemental requests for information shall be served upon Boone District, NKWSD and Florence no later than ..... 06/16/2000

Boone District, NKWSD and Florence shall file with the Commission and serve upon all parties of record their responses to all supplemental requests for information no later than ..... 06/30/2000

Public Hearing is to begin at 9:00 a.m., Eastern Daylight Time, in the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, for the purpose of cross-examination of witnesses ..... 07/06/2000

Parties may file with the Commission and shall serve upon all parties of record written briefs no later than ..... 08/07/2000

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2000-206 DATED MAY 1, 2000

#### Questions for Boone County Water District

1. List and describe all proposals that Cincinnati presented to Boone District for the provision of water service to Boone District.
2. Provide all correspondence between Boone District and Cincinnati in which the provision of water service to Boone District was discussed.
3. List and describe all proposals that NKWSD presented to Boone District regarding its provision of water service to Boone District as Boone District's exclusive water supplier after 2003.
4. Provide all correspondence between Boone District and NKWSD in which NKWSD's continued service to Boone District after 2003 as Boone District's exclusive water supplier was discussed.
5.
  - a. List and describe all courses of actions that Boone District considered before entering its agreement with Cincinnati.
  - b. For each course of action listed above, state why that course was rejected or selected.
6. Provide all studies that evaluated any proposal(s) received from Cincinnati or NKWSD.
7. Provide all internal documents in which the proposals of Cincinnati or NKWSD were discussed.
8. Provide all correspondence from Boone District or its officers and representatives in which the proposals of Cincinnati or NKWSD were discussed.

9. Provide the minutes of all meetings of the Boone District Board of Commissioners since January 1, 1996.

10. a. Describe the process that Boone District used to select Cincinnati as its exclusive water supplier.

b. Identify the persons who conducted the negotiations with Cincinnati and NKWSD on Boone District's behalf and state their position with Boone District.

11. Provide all studies, projections, and estimates of Boone District's current and future customer growth and demand for water that Boone District has commissioned, conducted or considered in selecting its water supplier.

12. Provide a copy of the "Comprehensive Plan" to which the "Water Service Agreement Among the City of Cincinnati, Ohio, the Boone-Florence Water Commission, the Boone County Water District, and the City of Florence, Kentucky" ("Water Service Agreement") refers.

13. Why was the Boone-Florence Water Commission created?

14. a. Provide the ordinance or resolution of Boone District's Board of Commissioners proposing the creation of the Boone-Florence Water Commission.

b. Provide the order of the Boone County Judge/Executive that created the Boone-Florence Water Commission.

c. Provide a copy of the record of any proceedings or hearings conducted to review the proposed creation of the Boone-Florence Water Commission.

15. a. Describe Cincinnati's water treatment facilities.

b. What is the maximum design capacity of Cincinnati's water treatment facilities?



c. State Cincinnati's peak one day demand and the date upon which this demand occurred.

d. Provide all studies, projections, and estimates of the demand on Cincinnati's water treatment facilities once Boone District and Florence begin receiving service.

16. Describe how Cincinnati intends to construct and maintain the water pipeline that will connect its facilities to those of the Boone-Florence Water Commission.

17. a. What governmental body, if any, regulates Cincinnati's rates and service?

b. What statutes, with respect to the establishment of water service rates, govern Cincinnati's operations?

18. Refer to the Water Service Agreement at Section 3(A).

a. What is the current construction status of the capital and infrastructure improvements that Cincinnati agreed to construct?

b. What is their current expected date of completion?

c. What changes, if any, have occurred in Cincinnati's estimate of "Cincinnati costs" since the execution of the Water Service Agreement?

19. Refer to the Water Service Agreement, Exhibit B.

a. For each improvement listed under "Capital," identify the entity (Boone District, Florence, or Boone-Florence Water Commission) that is responsible for the improvement's construction and financing.

b. For each item listed under "Ancillary," describe how the cost will be allocated among Boone District, Florence, and the Boone-Florence Water Commission.

20. a. Provide a copy of Cincinnati's existing rate schedules for all customers (including wholesale customers).

b. If any changes to Cincinnati's existing rates have occurred within the last 5 years, provide all rate schedule(s) in effect prior to the existing rates.

21. Describe how the initial rate of \$0.82 per 100 cubic foot was determined.

22. Refer to the Water Service Agreement at Section 7. Boone County Fiscal Court is currently investigating the feasibility of constructing its own water distribution system to serve unserved areas of Boone County, Kentucky and of contracting with Boone District to operate this system. Would the rate set forth in the Water Service Agreement apply to sales made to this proposed system?

23. Under the terms of the Water Service Agreement, Cincinnati is obligated to provide a maximum daily requirement of 30 million gallons to Boone District and Florence for the life of the Agreement. According to projections at Exhibit C of the Water Service Agreement, Boone District and Florence's total maximum daily demand will exceed 30 million gallons in 2018. How does Boone District intend to meet maximum daily demand in the years following 2018?

24. a. Provide a copy of Boone District's current water shortage response plan.

b. (1) If Boone District does not have a water shortage response plan, state when Boone District intends to prepare such a plan.

(2) If Boone District does have such plan, describe what changes, if any, Boone District intends to make to the existing plan in light of its intention to change water suppliers.

25. a. Describe each water conservation program that Boone District currently has in place.

b. Provide all correspondence, internal memoranda, and other documents that discuss these programs.

c. Describe all other water conservation programs that Boone District intends to implement within the next 3 years. For each program, state the implementation date.

d. For each program listed in Item 25(a) or (c), state whether action by any governmental body is necessary to implement or to enforce the program.

e. (1) Has Boone District commissioned or performed any studies to determine the potential effectiveness of the programs listed in Item 25(a) and (c)?

(2) If yes, provide a copy of each study.

26. a. List and describe all discussions, if any, that Boone District has had with the Kentucky Division of Water (“DOW”) regarding its proposed purchase of water from Cincinnati.

b. Provide all correspondence between Boone District and DOW regarding Boone District’s proposed purchase of water from Cincinnati.

27. a. List and describe all discussions, if any, that Boone District has had with DOW regarding the “Agreement to Amend Water Contracts and to Provide for Payments and Other Matters Related to Early Termination” (“Amended Agreement”).

b. Provide all correspondence between Boone District and DOW regarding the Amended Agreement.

28. a. How did NKWSD and Boone District agree upon 5.95 million gallons of water as the maximum amount of water that NKWSD would be required to supply Boone District?

b. State whether Boone District's estimated maximum demand in each of the calendar years 2000, 2001, and 2002, 2003 will exceed the maximum amount of water that NKWSD is to provide under the Amended Agreement.

c. If Boone District's estimated maximum demand in each of the calendar years 2000, 2001, and 2002 will exceed the maximum amount of water that NKWSD is to provide under the Amended Agreement, explain why the Amended Agreement should be considered reasonable.

29. a. Has Boone District commissioned or conducted any studies, analyses or reviews to determine the extent of its legal liability to its customers for any damages arising out of its inability to provide water during the period in which the Amended Agreement is in effect?

b. (1) If yes, provide a copy of each study.

(2) If no, does Boone District intend to conduct such studies?

c. What consideration, if any, did Boone District give to its potential legal liability to its customers for any damages arising out of its inability to provide water during the period in which the Amended Agreement is in effect?

d. Provide all studies and analyses that Boone District has conducted or commissioned that consider the potential economic consequences of Boone District's inability to obtain sufficient quantities of water to meet its customer demand during the period in which the Amended Agreement is in effect.

30. Refer to the Amended Agreement, Article IV.

a. For what purpose is the initial payment of \$2,725,077 being made?

b. How was the amount of the initial payment determined? Show all calculations and state all assumptions used to obtain this amount.

c. For what purpose is the subsequent payment of \$1,303 per day being made?

d. How was the amount of the subsequent payment(s) determined? Show all calculations and state all assumptions used to obtain this amount.

31. a. Will any connection between Boone District's water distribution system and NKWSD's system exist after Cincinnati begins service to the Boone-Florence Water Commission?

b. If no connection will exist,

(1) State whether the parties in their negotiations discussed such connection for emergency purposes.

(2) If such discussions occurred, explain why a connection for emergency purposes was not agreed upon.

32. In the event of an emergency in which Cincinnati is unable to supply the Boone-Florence Water Commission with water at adequate levels, what sources of supply will be available to Boone District?

33. Refer to the Amended Agreement, Article VI.

a. Do the parties intend to notify the customers listed in Exhibit 4 of the agreed transfer?

b. (1) If yes, describe the method of notification.

(2) If no, explain why not.

34. a. Provide all studies and analyses conducted to determine the rate for water service that Boone-Florence Water Commission will charge to Boone District upon commencing operations.

b. What is Boone District's estimate of the initial rate that Boone-Florence Water Commission will charge to Boone District for water service?

## APPENDIX C

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2000-206 DATED MAY 1, 2000

#### Questions for NKWSD

1. List and describe all proposals that NKWSD presented to Boone District and Florence for the provision of water service as their exclusive water supplier after 2003.
2.
  - a. Provide all correspondence between Boone District and NKWSD in which the provision of water service to Boone District as its exclusive water supplier after 2003 was discussed.
  - b. Provide all correspondence between Florence and NKWSD in which the provision of water service to Florence as its exclusive water supplier after 2003 was discussed.
3.
  - a. List and describe all proposals that NKWSD presented to Boone District regarding the amendment and termination of its existing water supply agreement with Boone District.
  - b. List and describe all proposals that NKWSD presented to Florence regarding the amendment and termination of its existing water supply agreement with Florence.
4.
  - a. Provide all correspondence between Boone District and NKWSD regarding the amendment and termination of its existing water supply agreement with Boone District.

b. Provide all correspondence between Florence and NKWSD regarding the amendment and termination of its existing water supply agreement with Boone District.

5. Provide all studies that evaluated NKWSD or Cincinnati's proposal(s) to serve Boone District or Florence.

6. Provide all internal documents in which the proposals of Cincinnati or NKWSD were discussed.

7. Provide all correspondence from NKWSD or its officers and representatives in which the proposals of Cincinnati or NKWSD to serve Boone District or Florence were discussed.

8. Provide the minutes of all meetings of the NKWSD Board of Commissioners since January 1, 1997.

9. a. What is the maximum design capacity of NKWSD's water supply treatment facility?

b. State NKWSD's peak one-day demand and the date upon which this demand occurred.

c. Provide all studies, projections, and estimates of the demand on NKWSD's water supply treatment facility once Boone District and Florence depart NKWSD's system.

10. Provide all studies and analyses that NKWSD has prepared or commissioned in which the financial and operational effects of Boone District and Florence's departure from NKWSD's system are considered or discussed.



11. Describe how Boone District and Florence's departure from NKWSD's system will affect NKWSD's rates. Provide all workpapers, state all assumptions, and show all calculations used to prepare this description.

12. How did NKWSD and Boone District agree upon 5.95 million gallons of water as the maximum amount of water that NKWSD would be required to supply Boone District?

13. How did NKWSD and Florence agree upon 4.05 million gallons of water as the maximum amount of water that NKWSD would be required to supply Florence?

14. a. Provide a copy of NKWSD's current water shortage response plan.

b. (1) If NKWSD does not have a water shortage response plan, state when NKWSD intends to prepare such a plan.

(2) If NKWSD does have such plan, describe what changes, if any, that NKWSD intends to make to its existing plan in light of the "Agreement to Amend Water Contracts and to Provide for Payments and Other Matters Related to Early Termination" ("Amended Agreement").

15. a. Describe each water conservation program that NKWSD currently has in place.

b. Provide all correspondence and internal memoranda and documents that discuss these programs.

c. Describe all other water conservation programs that NKWSD intends to implement within the next 3 years. For each program, state the implementation date.

d. For each program listed in Item 15(a) or (c), state whether action by any governmental body is necessary to implement or to enforce the program.

e. (1) Has NKWSD commissioned or performed any studies to determine the potential effectiveness of the programs listed in Item 15(a) and (c)?

(2) If yes, provide a copy of each study.

16. List and describe all discussions, if any, that NKWSD has had with the Kentucky Division of Water (“DOW”) regarding the Amended Agreement.

b. Provide all correspondence between NKWSD and DOW regarding the Amended Agreement.

17. a. State whether estimated maximum demand of Boone District and Florence in each of the calendar years 2000, 2001, and 2002, 2003 will exceed the maximum amount of water that NKWSD is to provide under the Amended Agreement.

b. If estimated maximum demand of Boone District and Florence in each of the calendar years 2000, 2001, and 2002 will exceed the maximum amount of water that NKWSD is to provide under the Amended Agreement, explain why the Amended Agreement should be considered reasonable.

18. Refer to the Amended Agreement, Article IV.

a. For what purpose are the initial payments of \$2,725,077 and \$764,923 being made?

b. How were the amounts of the initial payments determined? Show all calculations and state all assumptions used to obtain these amounts.

c. For what purposes are the subsequent payments of \$1,303 per day and \$968 being made?

- d. How was the amount of the subsequent payment(s) determined?

Show all calculations and state all assumptions used to obtain this amount.

19. a. Will any connection between Boone District or Florence's water distribution system and NKWSD's system exist after Cincinnati begins service to the Boone-Florence Water Commission?

- b. If no connection will exist,

(1) State whether the parties in their negotiations discussed such connection for emergency purposes.

(2) If such discussions occurred, explain why a connection for emergency purposes was not agreed upon.

20. In the event of an emergency in which Cincinnati is unable to supply the Boone-Florence Water Commission with water at adequate levels, how much supply, if any, can NKWSD make available to Boone District and Florence?

21. Refer to the Amended Agreement, Article III(A)(6).

a. What improvements, if any, had NKWSD planned to make to its system between August 1, 1999 and January 1, 2004 to increase or improve water supply or water pressure to Boone District?

b. For each improvement listed in Item 21(a), state whether NKWSD still intends to make the planned improvement.

c. For each improvement that will not be made, state the effect of the elimination of this improvement upon the quality of service that NKWSD will provide to Boone District prior to January 1, 2004.

22. Refer to the Amended Agreement, Article VI.

a. Do the parties intend to notify the customers listed in Exhibit 4 of the agreed transfer?

b. (1) If yes, describe the method of notification.

(2) If no, explain why not.

## APPENDIX D

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2000-206 DATED MAY 1, 2000

#### Questions for Florence

1. List and describe all proposals that Cincinnati presented to Florence for the provision of water service to Florence.
2. Provide all correspondence between Florence and Cincinnati in which the provision of water service to Florence was discussed.
3. List and describe all proposals that NKWSD presented to Florence regarding its provision of water service to Florence as Florence's exclusive water supplier after 2003.
4. Provide all correspondence between Florence and NKWSD in which NKWSD's continued service to Florence after 2003 as Florence's exclusive water supplier was discussed.
5.
  - a. List and describe all courses of actions that Florence considered before entering its agreement with Cincinnati.
  - b. For each course of action listed above, state why that course was rejected or selected.
6. Provide all studies that evaluated any proposal(s) received from Cincinnati or NKWSD.
7. Provide all internal documents in which the proposals of Cincinnati or NKWSD were discussed.
8. Provide all correspondence from Florence or its officers and representatives in which the proposals of Cincinnati or NKWSD were discussed.

9. Describe the process that Florence used to select Cincinnati as its exclusive water supplier.

10. Provide all studies, projections, and estimates of Florence's current and future customer growth and demand for water that Florence has commissioned, conducted or considered in selecting its water supplier.

11. Why was the Boone-Florence Water Commission created?

12. Provide the ordinance or resolution of Florence proposing the creation of the Boone-Florence Water Commission.

13. Refer to the "Water Service Agreement Among the City of Cincinnati, Ohio, the Boone-Florence Water Commission, the Boone County Water District, and the City of Florence, Kentucky" ("Water Service Agreement") at Section 3(A).

a. What is the current construction status of the capital and infrastructure improvements that Cincinnati agreed to construct?

b. What is their current expected date of completion?

c. What changes, if any, have occurred in Cincinnati's estimate of "Cincinnati costs" since the execution of the Water Service Agreement?

14. Refer to the Water Service Agreement, Exhibit B.

a. For each improvement listed under "Capital," identify the entity (Boone District, Florence, or Boone-Florence Water Commission) that is responsible for the improvement's construction and financing.

b. For each item listed under "Ancillary," describe how the cost will be allocated among Boone District, Florence, and the Boone-Florence Water Commission.

15. Describe how the initial rate of \$0.82 per 100 cubic foot was determined.

16. Under the terms of the Water Service Agreement, Cincinnati is obligated to provide a maximum daily requirement of 30 million gallons to Boone District and Florence for the life of the Agreement. According to projections at Exhibit C of the Water Service Agreement, Boone District and Florence's total maximum daily demand will exceed 30 million gallons in 2018. How does Florence intend to meet maximum daily demand in the years following 2018?

17. a. Provide a copy of Florence's current water shortage response plan.

b. (1) If Florence does not have a water shortage response plan, state when Florence intends to prepare such a plan.

(2) If Florence does have such plan, describe what changes, if any, Florence intends to make to the existing plan in light of its intention to change water suppliers.

18. a. Describe each water conservation program that Florence currently has in place.

b. Provide all correspondence, internal memoranda, and other documents that discuss these programs.

c. Describe all other water conservation programs that Florence intends to implement within the next 3 years. For each program, state the implementation date.

d. For each program listed in Item 18(a) or (c), state whether action by any governmental body is necessary to implement or to enforce the program.

e. (1) Has Florence commissioned or performed any studies to determine the potential effectiveness of the programs listed in Item 18(a) and (c)?

(2) If yes, provide a copy of each study.

19. a. List and describe all discussions, if any, that Florence has had with the Kentucky Division of Water (“DOW”) regarding its proposed purchase of water from Cincinnati.

b. Provide all correspondence between Florence and DOW regarding Florence’s proposed purchase of water from Cincinnati.

20. a. List and describe all discussions, if any, that Florence has had with DOW regarding the “Agreement to Amend Water Contracts and to Provide for Payments and Other Matters Related to Early Termination” (“Amended Agreement”).

b. Provide all correspondence between Florence and DOW regarding the Amended Agreement.

21. a. How did NKWSD and Florence agree upon 4.05 million gallons of water as the maximum amount of water that NKWSD would be required to supply Florence?

b. State whether Florence’s estimated maximum demand in each of the calendar years 2000, 2001, and 2002, 2003 will exceed the maximum amount of water that NKWSD is to provide under the Amended Agreement.

c. If Florence’s estimated maximum demand in each of the calendar years 2000, 2001, and 2002 will exceed the maximum amount of water that NKWSD is to provide under the Amended Agreement, explain why the Amended Agreement should be considered reasonable.

22. a. Has Florence commissioned or conducted any studies, analyses or reviews to determine the extent of its legal liability to its customers for any damages



arising out of its inability to provide water during the period in which the Amended Agreement is in effect?

b. (1) If yes, provide a copy of each study.

(2) If no, does Florence intend to conduct such studies?

c. What consideration, if any, did Florence give to its potential legal liability to its customers for any damages arising out of its inability to provide water during the period in which the Amended Agreement is in effect?

d. Provide all studies and analyses that Florence has conducted or commissioned that consider the potential economic consequences of Florence's inability to obtain sufficient quantities of water to meet its customers' demand during the period in which the Amended Agreement is in effect.

23. Refer to the Amended Agreement, Article IV.

a. For what purpose is the initial payment of \$764,923 being made?

b. How was the amount of the initial payment determined? Show all calculations and state all assumptions used to obtain this amount.

c. For what purpose is the subsequent payment of \$968 per day being made?

d. How was the amount of the subsequent payment(s) determined? Show all calculations and state all assumptions used to obtain this amount.

24. a. Will any connection between Florence's water distribution system and NKWSD's system exist after Cincinnati begins service to the Boone-Florence Water Commission?

c. If no connection will exist,

(1) State whether the parties in their negotiations discussed such connection for emergency purposes.

(2) If such discussions occurred, explain why a connection for emergency purposes was not agreed upon.

25. In the event of an emergency in which Cincinnati is unable to supply the Boone-Florence Water Commission with water at adequate levels, what sources of supply will be available to Florence?

26. Refer to the Amended Agreement, Article VI.

a. Do the parties intend to notify the customers listed in Exhibit 4 of the agreed transfer?

b. (1) If yes, describe the method of notification.

(2) If no, explain why not.

27. a. Provide all studies and analyses conducted to determine the rate for water service that Boone-Florence Water Commission will charge to Boone District upon commencing operations.

b. What is Florence's estimate of the initial rate that Boone-Florence Water Commission will charge to Florence for water service?