

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**ELECTRONIC APPLICATION OF)
MUHLENBERG COUNTY WATER)
DISTRICT #3 REQUESTING) CASE NO. 2018-00159
DEVIATION FROM REQUIREMENTS)
OF 807 KAR 5:066, SECTION 4(4))**

APPLICATION FOR DEVIATION

Pursuant to 807 KAR 5:066, Section 18, Muhlenberg County Water District #3 (“MCWD3”) applies to the Kentucky Public Service Commission (the “Commission”) for an order granting a deviation from the requirements of 807 KAR 5:066, Section 4(4) regarding water storage requirements. In support of its application, MCWD3 states:

1. The full name and post office address of MCWD3 is: Muhlenberg County Water District No. 3, P.O. Box 67, Bremen, Kentucky 42325.
2. MCWD3’s electronic mail address is: muhlenbergwater@muhlenbergwater.com.
3. MCWD3 is not a corporation, limited liability company, or limited partnership. It has no articles of incorporation or partnership agreements.
4. MCWD3 is a water district organized pursuant to KRS Chapter 74.
5. MCWD3’s territory includes the northwest portion of Muhlenberg County, Kentucky. As of December 31, 2017, MCWD3 provided retail water

service to approximately 2,111 customers and wholesale water service to one (1) customer, the City of Sacramento, Kentucky.

6. Pursuant to 807 KAR 5:001, Section 4(8), copies of all orders, pleadings and other communications related to this proceeding should be directed to:

Ben Tooley
Superintendent
P.O. Box 67
Bremen, KY 42325
(270) 525-6333
ben@muhlenbergwater.com

Damon R. Talley
Stoll Keenon Ogden PLLC
P.O. Box 150
Hodgenville, KY 42748-0150
(270) 358-3187
Fax: (270) 358-9560
damon.talley@skofirm.com

Gerald E. Wuetcher
Stoll Keenon Ogden PLLC
2100 West Vine Street, Ste 2100
Lexington, KY 40507-1801
(859) 231-3017
Fax: (859) 259-3517
gerald.wuetcher@skofirm.com

Mary Ellen Wimberly
Stoll Keenon Ogden PLLC
2100 West Vine Street, Ste 2100
Lexington, KY 40507-1801
(859) 231-3047
Fax: (859) 246-3647
maryellen.wimberly@skofirm.com

7. 807 KAR 5:066, Section 4(4) requires that MCWD3's minimum storage capacity shall be equal to its average daily consumption. MCWD3's average daily water consumption, including all water sold, utility water usage, and unaccounted-for water is 720,000 gallons.

8. MCWD3 has two storage tanks in its water system, which total 500,000 gallons of available storage capacity. Thus, MCWD3 only requires 220,000 gallons of additional capacity to satisfy the storage requirements of 807 KAR 5:066, Section 4(4).

9. MCWD3 purchases all of its water from the City of Central City. As provided in a letter from Central City attached as **Exhibit 1**, Central City has a storage capacity of 4.8 million gallons of water per day and only consumes an average of 770,000 gallons daily. In the letter, Central City explains that the "greater capacity in the system was built to accommodate the water needs of your district; therefore, we can and will reserve 700,000 gallons of water specifically for your system for storage."

10. Additionally, a large portion of MCWD3's water sales are to the City of Sacramento, which has its own storage facility. For 2016, the average daily sale of water to the City of Sacramento was 150,560 gallons. For 2017, the average daily sale of water to the City of Sacramento was 144,389 gallons. Notably, the City of Sacramento has its own storage facility with a capacity of 250,000 gallons.

11. For the past seven (7) years, MCWD3 has had no major outages other than main line breaks. The last major outage was the 2009 ice storm, which affected the power of MCWD3 and the Central City Water Plant for approximately two (2) weeks. During this outage, MCWD3 experienced locations with low pressure but never completely lost water service. Since the ice storm, MCWD3 and Central City have purchased stand-by generators for the pump stations and Central City's water treatment plant.

12. MCWD3 received a deviation from the water storage requirements of 807 KAR 5:066, Section 4(4) through May 31, 2018 in Case No. 2016-00421. The Commission requested that MCWD3 negotiate a written agreement with Central City that addresses the allocation of water storage to MCWD3.

13. MCWD3 filed a letter in the post-case file in Case No. 2016-00421 on August 29, 2017 explaining its efforts to obtain a written agreement with Central City. The letter explained that MCWD3 had been unable to obtain a written agreement with Central City as MCWD3 was currently protesting Central City's rate increase in Case No. 2017-00199 and had been unable to discuss the terms of such an agreement with Central City.

14. Central City withdrew its request for a rate increase on August 30, 2017. MCWD3 anticipates that Central City will file another rate case within six (6) months. At the conclusion of this rate case, MCWD3 believes it will be able to

obtain a written agreement with Central City that addresses the allocation of water storage to MCWD3.

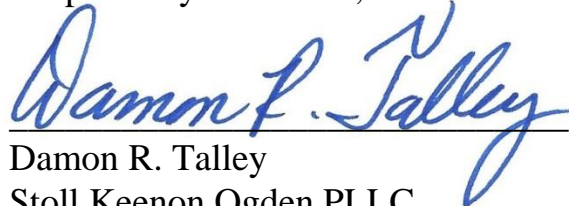
15. 807 KAR 5:066, Section 18 authorizes the Commission to permit deviations from 807 KAR 5:066 when good cause is shown. Good cause for a deviation exists in the present case.

CONCLUSION

WHEREFORE, MCWD3 requests that the Commission enter an order granting a deviation from the water storage requirements of 807 KAR 5:066, Section 4(4) for two (2) years.

Dated: May 29, 2018

Respectfully submitted,



Damon R. Talley
Stoll Keenon Ogden PLLC
P.O. Box 150
Hodgenville, KY 42748-0150
Telephone: (270) 358-3187
Fax: (270) 358-9560
damon.talley@skofirm.com

Mary Ellen Wimberly
Gerald E. Wuetcher
Stoll Keenon Ogden PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507-1801
Telephone: (859) 231-3000
Fax: (859) 259-3517
maryellen.wimberly@skofirm.com
gerald.wuetcher@skofirm.com

*Counsel for Muhlenberg County Water
District No. 3*

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that Muhlenberg County Water District No. 3's electronic filing of this Application is a true and accurate copy of the same document being filed in paper medium; that the electronic filing was transmitted to the Public Service Commission on May 29, 2018; that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding; and that an original paper medium of this Application will be delivered to the Public Service Commission on or before May 31, 2018.


Damon R. Talley