

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION INTO)
EXCESSIVE WATER LOSS BY KENTUCKY'S) CASE NO. 2019-00041
JURISDICTIONAL WATER UTILITIES)

RESPONSE OF SOUTHERN WATER & SEWER DISCTRICT
TO
PUBLIC SERVICE COMMISSION'S ORDER OF MARCH 12, 2019

FILED: MARCH 22, 2019

SOUTHERN WATER & SEWER DISTRICT

CASE NO. 2019-00041

Response to Public Service Commission's Order of March 12, 2019

Appendix D

Question No.

Responding Witness: Dean Hall, Manager

Q-1. [Provide a] copy of all documents, including but not limited to contracts, amendments to contracts, letters, e-mails and communications of every type which set out the price the utility pays for wholesale water purchases from other water districts, water associations, municipal water utilities, and investor-owned utilities.

A-1. Southern Water & Sewer District purchases water from the City of Pikeville. Please find the attached documents in Exhibit 1 that details said wholesale water purchases.

SOUTHERN WATER & SEWER DISTRICT

Response to Public Service Commission's Order of March 12, 2019

Appendix D Case No. 2019-00041

Question No. 2

Witness: Dean Hall, Manager

Q-2. [Provide a] copy of all documents, including but not limited to contracts, amendments to contracts, letters, e-mails and communications of every type which set out the price the utility charges for wholesale water sales to other water districts, water associations, municipal water utilities, and investor-owned utilities.

A-2. Please find the attached documentation in Exhibit 2 that details the amount Southern Water & Sewer District charges the City of Hindman, the City of Wheelwright, and Knott County Water District.

EXHIBIT 1



James A. Carter
Mayor

CITY OF PIKEVILLE

243 Main Street
Pikeville, Kentucky 41501
(606) 437-5100
Fax Number (606) 437-5106

Philip R. Elswick, P.E.
City Manager

September 13, 2018

Mr. Dean Hall
Southern Water & Sewer District
P.O. Box 610
McDowell, KY 41647

RE: Rate Increase

Dear Dean:

As we discussed on September 10, 2018, the City of Pikeville will agree to increase wholesale water rates to the Southern Water & Sewer District at a rate of \$2.25 per 1,000 gallons to be effective on October 16, 2018. I am attaching a copy of the customer notice that the Public Service Commission has previously required to be mailed.

It is my understanding that Southern's Board will consider Pikeville's rate increase at its board meeting on September 24, 2018. After that meeting, please confirm that Southern will not object to Pikeville's rate increase.

If you have any questions, please contact me at (606) 437-5100 or via e-mail at philip.elswick@pikevilleky.gov.

Sincerely,

Philip R. Elswick, P.E.
City Manager

NOTICE

Notice is hereby given that the City of Pikeville proposes to increase its rate for wholesale water service to Southern Water and Sewer District effective October 16, 2018. On or about September 13, 2018, documentation will be filed with the Kentucky Public Service Commission to increase rates as follows:

<u>Current Rate</u>	<u>New Rate</u>	<u>\$ Change Ave. Month</u>	<u>% Change Ave. Rate</u>
\$1.72 per 1,000 gallons	\$2.25 per 1,000 gallons	\$5,653.33*	30.81%

* Based on an average of 128,000,000 gallons per year

The proposed effective date is October 16, 2018. Water flowing through the meter(s) before the effective date will be charged at the current rate while water flowing through the meter(s) on and after the effective date will be charged at the proposed new rate.

The rates contained in this notice are the rates proposed by the City of Pikeville but the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Any person may examine this filing at the offices the Pikeville City Hall, City Manager's Office, located at 213 Main Street in Pikeville, Kentucky; telephone (606) 437-5100.

This filing may also be examined at the offices of the Public Service Commission located at 211 Sower Boulevard in Frankfort, Kentucky, Monday through Friday from 8:00am to 4:30pm or through the PSC website at <http://psc.ky.gov>.

Comments regarding the filing may be submitted to the PSC through its website or by mail to Public Service Commission, Post Office Box 615, Frankfort, KY 40602.

A timely written request for intervention that establishes grounds for the request may also be submitted to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602. If the PSC does not receive a written request for intervention within thirty (30) days of the date notice was initially provided, the PSC may take final action on the filing.

Pikeville

Water District Name	Wholesale Rate	Increase Date
Southern Water	\$1.72 per 1,000 gallons	January 1, 2009
Mountain Water	\$1.68 per 1,000 gallons for the first 28 million gallons for each calendar month. \$1.30 per 1,000 gallons for all gallons after the first 28 million gallons per calendar month	March 1, 2009

(4) Pursuant § 52.02 (A), the following rates shall apply if the City Manager grants written approval for an exception for an apartment complex owner/operator with greater than twenty-five (25) units. This exception will be to the complex equipped with a master meter instead of individual meters. At the time he or she requests water service to be installed, the owner/operator shall supply the total number of apartments that the master meter will service. If this number changes at any time, it shall be the owner/operator's responsibility to notify the city at the time in which the number changes. In this event, the following rates shall apply:

(a) Rates inside the city corporate boundaries:

1. The owner of the apartment complex shall be responsible for the total usage and any and all fees cost or billing associated with water service.

2. If any unit is occupied for any amount of time during the billing calendar month, the owner of the apartment complex shall be billed the minimum of twelve dollars forty cents (\$12.40) for each unit. Each unit billed shall get a credit of usage of two thousand (2,000) gallons for that unit. Every gallon used thereafter shall be billed at the rate of sixty-two cents (\$0.620) per one hundred (100) gallons.

(b) Rates outside the city corporate boundaries:

1. The owner of the apartment complex shall be responsible for the total usage and any and all fees cost or billing associated with water service.

2. If any unit is occupied for any amount of time during the billing calendar month, the owner of the apartment complex shall be billed the minimum of twenty-two dollars fifty cents (\$22.50) for each unit. Each unit billed shall get a credit of usage of two thousand (2,000) gallons for that unit. Every gallon used thereafter shall be billed at the rate of sixty-three cents (\$0.630) per one hundred (100) gallons.

Note: In the event a unit is not rented during a calendar billing cycle, it will be the owner/operator's responsibility to submit a written and notarized statement of how many units were never occupied for the entire billing cycle month, together with the billing statement for an adjustment. Each month the city shall consider that all units are in use unless notified by the monthly billing process described herein.

(Ord. 610.2, passed 5-22-78; Am. Ord. 19, passed 10-21-85; Am. Ord. 0-87-001, passed 1-27-87; Am. Ord. 0-89-005, passed 5-22-89; Am. Ord. 0-91-010, passed 5-29-91; Am. Ord. 0-2001-027, passed 10-22-01; Am. Ord. 0-2002-012, passed 10-28-02; Am. Ord. 0-2008-003, passed 1-14-08; Am. Ord. 0-2008-011, passed 3-13-08; Am. Ord. 0-2008-28, passed 12-2-08; Am. Ord. 0-2009-17, passed 6-22-09; Am. Ord. 0-2013-020, passed 8-2-13)

CHAPTER 53: WATER

Section

General Provisions

- 53.01 Fire hydrants; standards
- 53.02 Water meters
- 53.03 Rates and charges
- 53.04 Billings; when due

Cross-reference:

Disconnection upon noncompliance with sewer regulations, see § 52.88

GENERAL PROVISIONS

§ 53.01 FIRE HYDRANTS; STANDARDS.

All subdividers, contractors, developers, private businesses, or public agencies having responsibility for providing fire hydrants within the city limits shall conform to the following specifications:

- (A) Hydrants shall be Mueller Centurion with a five and one-fourth (5 1/4) inch hydrant valve and six (6) inch mechanical joint boot. The hydrant drain orifice shall be located so that no water remains in the barrel to freeze or corrode. All threads are to be national standard threads with seven (7) threads per inch.
- (B) Thrust restraints for all hydrants, valves, tees, and plugs shall be provided in accordance with Pages 347-350 of the Fifth Edition of Cast Iron Pipe Research Association Handbook.
- (C) Valves shall be Mueller catalog number C-500 with mechanical joints. Each valve shall have a precast box.
- (D) Each fire hydrant shall have two (2) two and one-half (2 1/2) inch outlets and one (1) four and one-half (4 1/2) inch outlet.
- (E) All hydrants shall be served by at least a minimum six (6) inch water line. In the event a larger water line should be available, the Mueller hydrants of a larger size, as is practical considering the availability of the water line, shall be substituted for the above specifications.
- (F) Each subdivider, contractor, or other individual installing fire hydrants in the city shall provide the Fire Department, at no cost, one (1) breakaway kit for each two (2) hydrants and also two (2) suitable operating wrenches for the valve on that hydrant.

(Ord. 310.3, passed 3-9-81; Am. Ord. 0-2008-003, passed 1-14-08) Penalty, see § 10.99

§ 53.02 WATER METERS.

(A) The Public Works Department shall not furnish water to more than one (1) customer or user on the same meter or the same water line connection. A separate meter is required for each residential and/or commercial account, except where there is an apartment complex with more than twenty-five (25) units. The City Manager may permit a master meter in that case. The City Manager may also waive the requirement of one (1) meter per customer and permit a master meter for an existing apartment or residential complex/duplex where the cost to convert the existing apartment or residential complex/duplex for separate meters is not economically feasible. However in both events the special apartment building master meter rates provided in § 53.03(B)(4) below will apply and the owner/operator of the complex will be liable for payment of the total usage and billed amount.

(2) In all cases of multiple family units or apartment houses, the Department of Public Works shall furnish a meter to, or make a connection on the city water line for each customer or user residing in that building or apartment house, but the connection shall be made only at the city water line. However, the Department shall not furnish the pipe or install the line from the city water line to that building or apartment house.

(Ord. 610.1, passed 2-22-51; Am. Ord. 0-2008-003, passed 1-14-08; Am. Ord. 0-2008-011, passed 3-13-08; Am. Ord. 0-2013-020, passed 8-2-13; Am. Ord. 0-2017-32, passed 12-21-17)

§ 53.03 RATES AND CHARGES.

(A) Service fees shall be as follows for all accounts:

Service	Fees and Charges
Water account deposit	\$25.00
Water tap fees	
5/8" X 3/4" standard tap	\$400.00 in city \$535.00 out of city rate
1" and above	Cost plus \$200.00
Any large rock removal for all installations	Cost of removal
Tap fee for all places of business or other places using sprinkling systems will be at cost plus cost of materials and labor plus the fee charge	Cost plus \$500.00
Service charge for standard read in service for Monday through Friday of operating hours	\$20.00
Service charge for standard read in service for after 5:00 p.m., holidays and weekends	\$30.00
Service charge for standard re-connects of non- payment, Monday through Friday of operating hours	\$30.00
Service charge for standard re-connect of non- payment after 5:00 p.m., holidays and weekends	\$40.00

Service	Fees and Charges
Service charge for meter reading re-checks	\$20.00
Service charge for test request	Cost plus \$20.00
Service charge for all investigations	\$20.00

(Ord. 610.2, passed 10-10-77)

(B) Water rates shall be as follows:

(1) Effective February 1, 2008, the monthly water service rates and charges for each customer inside the city shall be as follows:

Gallons per Month	Monthly Charge
First 2,000	\$11.20 (min. mo. bill)
Next 3,000	\$0.620 per 100 gallons
Next 5,000	\$0.620 per 100 gallons
Next 10,000	\$0.398 per 100 gallons
Next 30,000	\$0.395 per 100 gallons
Next 50,000	\$0.385 per 100 gallons
Over 100,000	\$0.190 per 100 gallons

(2) From and after January 1, 2009, the monthly water service rates and charges for every account outside the city corporate boundaries, other than the wholesale users named in division (B)(3) below, shall be as set forth in the following schedule:

Gallons per Month	Monthly Charge
First 2,000	\$22.50 (min. mo. bill)
Next 3,000	\$0.630 per 100 gallons
Next 5,000	\$0.630 per 100 gallons
Next 10,000	\$0.540 per 100 gallons
Next 30,000	\$0.540 per 100 gallons
Next 50,000	\$0.500 per 100 gallons
Over 100,000	\$0.350 per 100 gallons

(Ord. 610.3, passed 5-22-78; Am. Ord. 19, passed 10-21-85; Am. Ord. 0-91-005, passed 3-25-91; Am. Ord. 0-99-013, passed 11-22-99; Am Ord. 0-00-009, passed 5-22-00)

(3) From and after the dates as shown in the Increase Date column below in the water service rates and charges for

All charges for water and sewer service shall be billed and payable in accordance with the provisions of Chapter 54. (Am Ord. 0-2008-003, passed 1-14-08)



December 27, 2018

Ms. Paula Johnson
Chairman
Southern Water and Sewer District
245 Kentucky Route 680
P.O. Box 610
McDowell, KY 41647

In Re: 2019 Wholesale Water Rates

Dear Chairman Roberts:

Please be advised that the Knott Water & Sewer District (KW&SD) has decided to first commission a rate study to support its wholesale water rate adjustment. Thus, we are withdrawing the previous letter dated October 12, 2018. Until further notice, the wholesale rate shall remain at \$3.00 per thousand gallons.

If you have any questions, please contact us in writing. Until then, I remain,

Yours truly,

A handwritten signature in black ink, appearing to read "Dave Smith", is written over a faint horizontal line.

Dave Smith
Chairman

7777 Big Branch Road
Vicco, KY 41773

Phone (606) 642-3582
Fax (606) 642-3770

www.knottcountywater.com

PRESTONSBURG

EMERGENCY WATER SUPPLY AGREEMENT

THIS AGREEMENT, made and entered into this 25th day of July, 2005, by and between the PRESTONSBURG CITY'S UTILITIES COMMISSION ("Prestonsburg") and SOUTHERN WATER AND SEWER DISTRICT ("Southern").

WITNESSETH:

WHEREAS, Southern is currently underserving its water customers during periods of peak demand and needs a supplemental supply of potable water.

That the parties hereto, for and in consideration of the covenants of this Agreement hereinafter set out, to be paid, kept and performed, hereby agree as follows:

1. Water Delivery Points. Prestonsburg agrees to furnish emergency water supply service to Southern during the term of this contract at a newly constructed point of delivery located at Martin, Kentucky ("New Delivery Point") and at existing delivery points at Prater Creek, Kentucky and David, Kentucky (intersection of KY highways 404 and 850 (collectively, the "Delivery Points"), and Southern agrees to purchase potable treated water meeting applicable purity standards of the Kentucky Department of Health.

2. Maximum and Minimum Quantities of Water. Prestonsburg shall deliver and Southern shall purchase quantities of water not to exceed 200,000 gallons per day of twenty-four hours, and not to exceed 6,000,000 gallons per month in the aggregate through the Delivery Points. Prestonsburg shall have the right to install equipment to restrict the flow of water on an hourly basis or establish temporary shut-offs to restrict the flow so that the quantities can be limited to the contract maximums set forth herein. It shall be the sole responsibility of Southern to control its customer load so that the water

flow at the Delivery Points need not be restricted. Southern shall not be required to take a minimum quantity at any time.

3. Metering Equipment and Testing. Southern agrees to furnish, install, operate and maintain at its own expense at the New Delivery Point, 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 Southern. Southern shall calibrate the metering equipment at the Delivery Points whenever requested by Prestonsburg, but not more frequently than four times 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 delivered shall be adjusted to the amount delivered in the corresponding period immediately prior to the failure. An appropriate official of Southern, at all reasonable times, shall have access to the meters for the purpose of verifying its readings. Likewise, an appropriate official of Prestonsburg, at all reasonable times, shall have access to meters for the purpose of verifying its readings. Upon installation, the ownership of the meter and related equipment at the New Delivery Point shall be transferred to Prestonsburg. After the transfer, Southern shall pay all expenses to maintain said meter and related equipment.

4. Statement of Water Supplied. Prestonsburg agrees to furnish Southern, once each month, a statement of the quantity of water furnished Southern during the applicable billing period.

5. Payment Policy. Payment shall be made in accordance with Prestonsburg's customer payment policy ("Payment Policy"), as it may be modified pursuant to public notice from time to time, which currently is as follows:

Customer's bills will be mailed on the last business day of each month. Payment is due when bills are mailed. Prestonsburg City's Utilities Commission is not responsible for mail delivery. If payment is not received in our office by the 15th of the following month, a 25% penalty will be added to the accounts of customers who have not paid their bill in full. On the 16th day of the month, Prestonsburg City's Utilities Commission will mail a disconnect notice to customers who have not paid their bills in full. The disconnect notice, mailed on the 16th, will be the only notice sent to delinquent customers before their utilities services will be subject to disconnection for non-payment. Customers receiving disconnect notices will have five calendar days to deliver their payments to our office located at 2560 South Lake Drive, Prestonsburg, Kentucky. Our office hours are Monday through Friday, 8:00 A.M. to 5:00 P.M. For the convenience of our customers, we have a night deposit box located at the front of our building. If a customer has a dispute with a bill, the customer may contact a customer service representative by calling (606) 886-6871. Meters will be scheduled for removal if payment is not received in our office within five calendar days of the date of the disconnect notice. If it is necessary to send a service representative to collect a bill, a \$20.00 collection fee will be charged. If it is necessary to remove the meter for non-payment, customers will be required to pay their bills in full, plus a \$45.00 reconnection fee before service is restored. If utility service has been disconnected for non-payment, Prestonsburg City's Utilities cannot guarantee that service will be restored the same day. If customers' bills and/or notices are mailed late by Prestonsburg City's Utilities Commission, the payment period will be extended the same amount of time the bill and/or notices were mailed late.

REVISED August 19, 2004

6. Rate Schedule. Southern agrees to pay Prestonsburg, according to Prestonsburg's Payment Policy, for water delivered in accordance with this Agreement at the following rates for each metered delivery point:

- (a) the rate for all gallons of water delivered monthly hereunder shall be \$3.05 per \$1,000 gallons; and

5. Payment Policy. Payment shall be made in accordance with Prestonsburg's customer payment policy ("Payment Policy"), as it may be modified pursuant to public notice from time to time, which currently is as follows:

Customer's bills will be mailed on the last business day of each month. Payment is due when bills are mailed. Prestonsburg City's Utilities Commission is not responsible for mail delivery. If payment is not received in our office by the 15th of the following month, a 25% penalty will be added to the accounts of customers who have not paid their bill in full. On the 16th day of the month, Prestonsburg City's Utilities Commission will mail a disconnect notice to customers who have not paid their bills in full. The disconnect notice, mailed on the 16th, will be the only notice sent to delinquent customers before their utilities services will be subject to disconnection for non-payment. Customers receiving disconnect notices will have five calendar days to deliver their payments to our office located at 2560 South Lake Drive, Prestonsburg, Kentucky. Our office hours are Monday through Friday, 8:00 A.M. to 5:00 P.M. For the convenience of our customers, we have a night deposit box located at the front of our building. If a customer has a dispute with a bill, the customer may contact a customer service representative by calling (606) 886-6871. Meters will be scheduled for removal if payment is not received in our office within five calendar days of the date of the disconnect notice. If it is necessary to send a service representative to collect a bill, a \$20.00 collection fee will be charged. If it is necessary to remove the meter for non-payment, customers will be required to pay their bills in full, plus a \$45.00 reconnection fee before service is restored. If utility service has been disconnected for non-payment, Prestonsburg City's Utilities cannot guarantee that service will be restored the same day. If customers' bills and/or notices are mailed late by Prestonsburg City's Utilities Commission, the payment period will be extended the same amount of time the bill and/or notices were mailed late.

REVISED August 19, 2004

6. Rate Schedule. Southern agrees to pay Prestonsburg, according to Prestonsburg's Payment Policy, for water delivered in accordance with this Agreement at the following rates for each metered delivery point:

- (a) the rate for all gallons of water delivered monthly hereunder shall be \$3.05 per \$1,000 gallons; and

(b) service which requires booster pump service for delivery of the water also shall include a surcharge of \$.10 per booster pump per 1,000 gallons.

7. Rate Schedule Modifications. All rates set forth in this Agreement shall be adjusted annually on the anniversary date of this Agreement to correspond with the Consumer Price Index ("CPI"), but no such increase under this provision shall increase rates by more than four percent (4%) per year.

8. Termination. This contract shall commence on the date hereof and continue for a period of ten (10) years. This Agreement may be extended or renewed by the parties, if they mutually agree, upon such terms and conditions as agreed upon by the Parties.

9. Fire Protection and System Reliability. Prestonsburg shall not be responsible in any way for the failure of Southern to furnish sufficient water for fire protection purposes, or sufficient water storage tanks for system reliability purposes, and Southern shall indemnify Prestonsburg from any such claims related thereto.

10. Indemnification. Each party shall indemnify the other party, its employees, and agents from all claims, demands, and liabilities of any kind relating to or arising out of this Agreement, except to the extent such claims, demands, or liabilities result from or arise out of the negligence of party being indemnified.

11. Chlorination. Southern shall be responsible for any chlorination of the water furnished by Prestonsburg if such chlorination is required by the Floyd County Department of Health or any other Federal or State governmental policy.

12. Interruptible Service. If Prestonsburg does not have a sufficient supply of water to supply its customers, then Prestonsburg at its sole discretion, may reduce or terminate service hereunder at any time.

13. Force Majeure. All obligations of either party with respect to service hereunder shall be excused without liability during the pendency of any condition of force majeure. Force majeure shall include any act, event or condition beyond the reasonable control of the party claiming force majeure, and shall include, but not be limited to, any act of God, fire, storm, earthquake, freezing condition, wind, flood, drought, snow, water used to fight fires, line breaks, environmental release, breakage of or delay in receiving parts, equipment or supplies, or shortage thereof, strike or lockout, or any act, event or requirement of any governmental law, regulation or entity. Force majeure shall not include routine line leakage or financial inability to pay, and shall not excuse payment for services rendered by Prestonsburg, including the payment of Southern's minimum bill, if any.

14. Notices. All notices and other communications provided hereunder shall be in writing and shall be delivered personally or transmitted by registered or certified mail, return receipt requested or by a recognized overnight courier service. Such notice shall be deemed to have been given at the time of personal delivery or upon receipt thereof, as reflected on the signed certificate or delivery statement of the courier service. Notice must be delivered or sent to the party at

the following address or to such other address as a party may have designated by notice:

TO PRESTONSBURG: Prestonsburg City's Utilities Commission
2560 South Lake Drive
Prestonsburg, Kentucky 41653

TO SOUTHERN: Southern Water + Sewer District
P.O. Box 610
MCDowell, Ky. 41047

15. Amendment. This Agreement may be amended in writing only, duly signed by both parties, and will be governed by and construed in accordance with Kentucky law.

16. Binding Effect and Benefit. Upon execution, the Agreement will inure to the benefit of and be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns, subject to regulatory approval as set forth below; provided, however, neither this Agreement nor any rights and obligations hereunder may be assigned by Southern without the written consent of Prestonsburg.

17. Severability. The terms and provisions of this Agreement shall not be severable, and in the event that any term or provisions hereof is held to be invalid or unenforceable, the remaining terms or provisions hereof shall be invalid and unenforceable, and Prestonsburg shall have no further obligation hereunder.

18. Regulatory Jurisdiction. Nothing in this Agreement shall subject this Agreement or Prestonsburg to regulation by the Kentucky Public Service Commission ("KY PSC"). To the extent the KY PSC exercises jurisdiction over any aspect of this Agreement, Prestonsburg shall remain free to withdraw without

penalty or other obligation from this Agreement upon providing thirty (30) days written notice to Southern.

19. Wholesale Services Prohibited. Southern shall not resell at wholesale water supplied hereunder so as to make Prestonsburg, directly or indirectly, a wholesale supplier to any other water system.

20. Non-Waiver. Prestonsburg's failure to exercise any of its rights hereunder at any time will not operate as a waiver of its right to exercise same at any other time(s).

21. Right of First Refusal. Prestonsburg shall have a right of first refusal to acquire all or a portion of Southern's entire water or sewer systems and related facilities, if offered by Southern to any third party, on the same terms and conditions as the offer to such third party.

22. Take-Over Option. If at any time, Southern takes in excess of 500,000 gallons of water per day of twenty-four hours, Prestonsburg shall have the option to take over the operation and ownership of the entire water system of Southern upon giving of a thirty (30) day notice. In the event of such take-over, Prestonsburg shall continue to operate Southern as a separate system until such time as Southern's debts as of the time of the take-over are satisfied from the revenues of Southern and the maintenance costs of the system on a per customer basis are within ten percent (10%) of the per customer maintenance cost of Prestonsburg's system.

23. Counterparts. This Agreement may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers or agents to execute this Agreement the day and year first above written.

SOUTHERN WATER AND SEWER DISTRICT

ATTEST:

SECRETARY

BY: 
CHAIRMAN

PRESTONSBURG CITY'S UTILITIES
COMMISSION

BY: 
DAVID ELLIS, SUPERINTENDENT

ATTEST:


JIM CALHOUN, CHAIRMAN

EXHIBIT 2

For Southern Water & Sewer District
Community, Town or City

P.S.C. NO. 1

2nd Revision SHEET NO. 7

CANCELLING P.S.C. NO. 1

ORIGINAL SHEET NO. 7

Southern Water & Sewer District
Name of Issuing Corporation

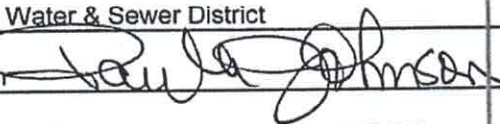
RATES & CHARGES

		RATE PER UNIT	
F. Wholesale Water Rates:			
City of Hindman	Per 1,000 Gallons	\$	2.74
Knott County Water District	Per 1,000 Gallons	\$	2.80
City of Wheelwright	Per 1,000 Gallons	\$	2.72

DATE OF ISSUE 11/5/2009

DATE EFFECTIVE October 26, 2009

ISSUED BY Southern Water & Sewer District

TITLE Chairman 

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2009-00398 DATED October 26, 2009

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
10/26/2009
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By 
Executive Director