

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

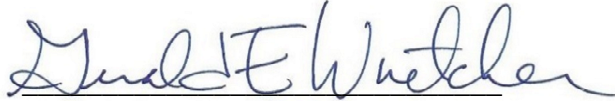
ELECTRONIC APPLICATION OF BRACKEN)
COUNTY WATER DISTRICT FOR A RATE) CASE NO. 2021-00415
ADJUSTMENT PURSUANT TO 807 KAR 5:076)

NOTICE

Bracken County Water District (“Bracken District”) gives notice of the filing of its agreement with the City of Augusta resolving a billing dispute. Bracken District has previously referred to the existence of the dispute in its Application¹ and to the agreement in its response to the Commission Staff Report.² A copy of this agreement is attached.

Dated: August 16, 2022

Respectfully submitted,

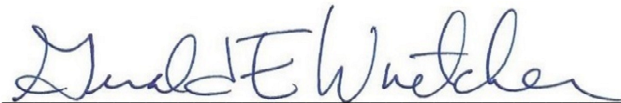


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Counsel for Bracken County Water District

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, and the Commission’s Order of July 22, 2021 in Case No. 2020-00085, I certify that this document was transmitted to the Commission on August 16, 2022 and that there is currently no party that the Commission has excused from participation by electronic means in this proceeding.



Counsel for Bracken County Water District

¹ Application, Exhibit C, Reference G at page 3 of 4.

² Response of Bracken County Water District to Commission Staff Report at 2.

AGREEMENT RESOLVING BILLING DISPUTE

This Agreement is entered this 20th day of July 2022 by the City of Augusta (“Augusta”), a city of the home rule class, whose mailing address is P.O. Box 85, Augusta, Kentucky and Bracken County Water District (“Bracken District”), a water district organized pursuant to KRS Chapter 74, whose mailing address is P.O. Box 201, Brooksville, Kentucky 41004 (collectively, “the Parties”).

WITNESSETH:

WHEREAS, Augusta provides wholesale water service to Bracken District pursuant to a Water Purchase Agreement executed on February 9, 2016;

WHEREAS, Augusta delivers water to Bracken District through an 8-inch McCrometer Mag Meter (“the Meter”) located in the Augusta Water Treatment Plant;

WHEREAS, under the Water Purchase Agreement, Augusta owns the Meter, is responsible for its operation and maintenance, and is required to test the Meter annually;

WHEREAS, C.I. Thornburg has tested this meter annually since its installation in December 2018;

WHEREAS, C.I. Thornburg tested the meter in July 2019 and found the Meter was running accurately;

WHEREAS, tests performed on the meter on August 4, 2020 and July 12, 2021 indicated that the Meter was running slow by eight and twelve percent respectively and required adjustments to the meter to match readings from C.I. Thornburg’s calibrating meter;

WHEREAS, shortly after the 2020 adjustment to the Meter, Augusta’s reported usage readings taken from the meter were approximately six percent greater than those taken from

Bracken District's master meter, which was located on the transmission main downstream from the Augusta Water Treatment Plant;

WHEREAS, the discrepancy between Augusta's usage readings and readings from Bracken District's master meter became more pronounced after the second adjustment to the Meter;

WHEREAS, at Bracken District's request, C.I. Thornburg retested the Meter on November 30, 2021, found it was running 22 percent fast, and restored the Meter to its original factory settings;

WHEREAS, the Parties agree that the Meter was registering fast during the period from August 4, 2020 through November 30, 2021 and, as a result, Augusta billed Bracken District for water that was not delivered;

WHEREAS, on May 10, 2021, the Parties entered into an agreement to resolve the issues presented in Public Service Commission Case No. 2020-00277;

WHEREAS, paragraph 6 of the May 10, 2021 Agreement set forth certain terms related to the testing of Augusta's well pumps and high service pumps and possible partial reimbursement of testing costs;

WHEREAS, in August 2021 Bracken District's consulting engineers performed tests on Augusta's well pumps and high service pumps, the results of which indicated a variance in the efficiency of two pumps that exceeded twenty percent of the level represented by Augusta in the May 10, 2021 Agreement;

WHEREAS, following the testing of Augusta's well pumps and high service pumps, Bracken District made a demand for partial reimbursement of testing costs, which Augusta disputes;

WHEREAS, by letter from Bracken District's counsel dated November 4, 2021, to the Augusta City Attorney, Bracken District requested the opportunity to perform a test of the master meter serving Bracken District at the Augusta Water Treatment Plant;

WHEREAS, CITGO Water performed the test of the aforementioned master meter at Bracken District's request, and issued without Bracken District's knowledge or consent an invoice for testing services to Augusta that Augusta paid;

WHEREAS, Augusta has demanded reimbursement from Bracken District for the cost of the testing services related to the Bracken District's requested testing of the master meter;

WHEREAS, the Parties enter this Agreement to resolve all outstanding claims resulting from the inaccurate meter, costs of testing the well pumps and high service pumps, and the costs associated with testing of the master meter serving Bracken District at the Augusta Water Treatment Plant;

NOW, THEREFORE, for and in consideration of the promises and conditions set forth herein, the Parties hereby stipulate and agree as follows:

1. Amount of Overbilling. During the period from August 4, 2020 to November 30, 2021, Augusta billed Bracken District for 24,838,808 gallons of water that were not delivered. This billing resulted in Bracken District paying to Augusta approximately \$58,951 for undelivered water. Exhibit A to this Agreement reflects the volume of water and dollar amount for which Bracken District was overbilled because of the inaccurately registering meter.

2. Refund. Beginning with the bill issued in June 2022 for wholesale water service provided from May 1 to May 31, 2022, and on each bill issued for the five succeeding months, Augusta will issue a credit of \$9,510.25 to Bracken District.

3. **Partial Reimbursement of the Cost of the Testing of the Well Pumps and High Service Pumps.** Bracken District paid Augusta's invoice for the February 2022 provision of water service in the invoiced amount less \$8,730.00, which the City will accept as payment in full as an offset to Bracken District's request for partial reimbursement of the cost of testing the well pumps and high service pumps;

4. **Reimbursement of the Cost of Meter Testing.** Augusta shall retain \$1,890 of the amount overbilled as reimbursement for the cost of the meter testing performed by C.I. Thornburg on November 30, 2021.

5. **Satisfaction.** Upon Augusta's issuance of billing credits totaling \$57,061.50 in accordance with Paragraph 2 of this Agreement, (a) Augusta's debt to Bracken District arising out of the overbilling shall be satisfied and all claims that Bracken District has arising out of the overbilling shall be discharged, (b) Augusta's responsibility for partial payment of the cost of testing of the well pumps and high service pumps shall be satisfied and all claims that Bracken District has arising out of the pump testing shall be discharged, and (c) Bracken District's responsibility for partial payment of the cost of testing of the master meter shall be satisfied and all claims that Augusta has arising out of the master-meter testing shall be discharged.

6. **Failure to Perform.** Should Augusta failed to comply with the terms of this Agreement, the remaining amounts owed hereunder shall become immediately due and payable.

7. The Agreement constitutes the complete agreement and understanding among the Parties, and all oral statements, representations, or agreements made prior hereto shall be null and void.

8. The signatories hereto warrant that they are authorized to execute this Agreement on behalf of their respective Parties.

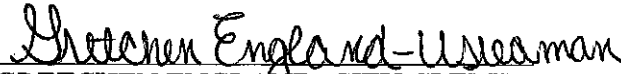
9. The Parties agree that this Agreement may be executed in multiple counterparts.

IN WITNESS WHEREOF, the Parties acting under the authority of their respective governing bodies, have caused this Agreement to be duly executed in multiple counterparts, each of which shall constitute an original.

CITY OF AUGUSTA, KENTUCKY

By: 
MICHAEL C. TAYLOR, MAYOR

ATTEST:


GRETCHEN ENGLAND, CITY CLERK

BRACKEN COUNTY WATER DISTRICT

By: _____
DALE APPELMAN, CHAIR

ATTEST:

EDDIE KERN, SECRETARY

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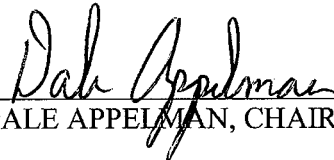
CITY OF AUGUSTA, KENTUCKY

By: _____
MICHAEL C. TAYLOR, MAYOR

ATTEST:

GRETCHEN ENGLAND, CITY CLERK

BRACKEN COUNTY WATER DISTRICT

By:  _____
DALE APPELMAN, CHAIR

ATTEST:

 _____
EDDIE KERN, SECRETARY

EXHIBIT A

CALCULATION OF OVERBILLED AMOUNT

Invoice Date¹	Volume Billed	Actual Volume²	Overbilled Volume	Overbilled Amount³
09/01/2020	14,399,981	13,333,316	1,066,665	\$ 2,506.66
09/30/2020	13,196,281	12,218,779	977,502	\$ 2,297.13
11/04/2020	12,902,074	11,946,365	955,709	\$ 2,245.92
12/01/2020	12,793,050	11,845,417	947,633	\$ 2,226.94
12/31/2020	12,869,084	11,915,819	953,265	\$ 2,240.17
02/01/2021	13,557,169	12,552,934	1,004,235	\$ 2,359.95
03/01/2021	431,865	399,875	31,990	\$ 75.18
03/04/2021	12,254,023	11,346,318	907,705	\$ 2,269.26
03/31/2021	13,152,169	12,177,934	974,235	\$ 2,435.59
05/04/2021	12,327,685	11,414,523	913,162	\$ 2,282.90
06/01/2021	16,651,384	15,417,948	1,233,436	\$ 2,910.91
07/09/2021	14,618,401	13,535,556	1,082,845	\$ 2,555.51
08/02/2021	16,767,958	13,862,399	2,905,559	\$ 6,857.12
08/31/2021	18,140,990	14,997,512	3,143,478	\$ 7,418.61
10/05/2021	15,714,350	12,991,361	2,722,989	\$ 6,426.25
11/03/2021	14,199,381	11,738,906	2,460,475	\$ 5,806.72
12/02/2021	14,761,763	12,203,838	2,557,925	\$ 6,036.70
Total:	228,737,608	203,898,800	24,838,808	\$ 58,951.52

¹The readings for invoice dated 03/01/2021 represent usage for 02/01/2021 prior to the City increasing its rate to \$2.50 per 1,000 gallons.

²Actual volume for invoices from 09/01/2020 to 07/09/2021 calculated by dividing Volume Billed by 1.08. Actual volume for invoices from 08/02/2021 to 12/02/2021 calculated by dividing Volume Billed by 1.2096 ((1.08 x 0.12) + 1.08 = 1.2096).

³Overbilled Amount based upon the invoice price multiplied by Overbilled Volume.

RESOLUTION AUTHORIZING THE MAYOR OF AUGUSTA
TO ENTER INTO AN AGREEMENT WITH
BRACKEN COUNTY WATER DISTRICT
TO RESOLVE BILLING DISPUTE

BE IT RESOLVED BY THE CITY COUNCIL OF AUGUSTA, KENTUCKY AS FOLLOWS:

Michael C. Taylor, duly elected Mayor of the City of Augusta, Kentucky, is hereby authorized, to enter into an Agreement Resolving Billing Dispute with the Bracken County Water District, which Agreement is attached hereto, and incorporated herein by reference.

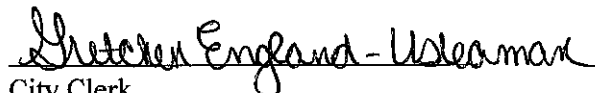
This Resolution shall become effective upon the date of its passage.

PASSED: July 20, 2022



Mayor

ATTEST:



City Clerk