

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KIRKSVILLE WATER ASSOCIATION, INC.)	
AND ITS INDIVIDUAL DIRECTORS)	
ARMON SANDERS, WAYNE LONG,)	
ALFRED WINKLER, RANDAL WEBB, AND)	2022-00197
BOBBY POWELL, AND MANAGER MIKE AGEE)	
ALLEGED FAILURE TO COMPLY)	
WITH KRS 278.300 AND KRS 278.020)	

**KIRKSVILLE WATER ASSOCIATION’S RESPONSE TO COMMISSION STAFF’S
REQUEST FOR INFORMATION**

Comes now Kirksville Water Association, through Counsel, for its answer to Commission Staff’s First Request for Information. Each answer provided is true and accurate to the best knowledge and belief of the witness signing the response. For its Response, Kirksville Water Association states as follows:

1. Refer to Kirksville Water’s Response, page 6. Provide an explanation as to how the value of the territorial sale was determined, including but not limited to the following:
 - a. Formula used;
 - b. Any contract for the sale of the territory
 - c. Any contract for the engineer for the project;
 - d. Description of valuation;
 - e. Documentation by the utility, developer and the engineer consulted for the project or sale supporting the formula, calculation, and resulting price.

RESPONSE:

- a. The formula used followed the contract language in the City of Richmond and Kirksville Water Association contract for the purchase of water. The contract

included language for territory transfers for property that was already annexed into the city but still served by Kirksville Water Association. While this property transfer was before the property was annexed, the formula applied was the same. The formula as contained in the contract for residential property reads as follows: “Net annual profit per mean average residential household multiplied by the number of lots for the proposed development multiplied by six years. Annual net profit per average residential lot for KWA is defined as the annual gross proceeds of the mean average residential household minus the actual cost of water from the City and minus KWA’s annual mean average expenses per residential household.”

For commercial or industrial uses the language is:

“Annual net profit of a similar commercial or industrial property agreed upon by the parties multiplied by six years. Annual net profit of a similar commercial or industrial property is defined as the annual gross proceeds from the similar commercial or industrial property minus the cost of purchase of water from the city and minus KWA’s annual mean average expenses for this similar commercial or industrial property.”

- b. See attached titled “Agreement to release water rights”
- c. There was no separate contract for the engineer on the project. Kerry Odle with HMB supplied the information regarding value.
- d. See attached exhibit titled “Water Rights Calculations”. Please note that the attached Water Rights Calculations assumed a water demand that was later

adjusted down to the level contained in the exhibit attached as “Water Demand Calculations” however the formula is the same.

- e. See attached exhibit titled “Water Demand Calculations”.



Mike Agee
Manager, KWA

- 2. Provide the lease or agreement Kirksville Water had for the use and co-location of the building the utility shared with Madison County Utilities District.

RESPONSE: See attached titled “MCUD and KWA contract”.



Mike Agee
Manager, KWA

- 3. Provide the projected monthly expenses for 1613 Foxhaven Dr., including but not limited to electric, water and internet.

RESPONSE: See attached titled KWA monthly expenses.



Mike Agee
Manager, KWA

- 4. In reference to 1613 Foxhaven Dr.:
 - a. Provide any signed or executed contracts for improvements or modifications to the property;
 - b. Provide an itemized list of all expenditures for the building.

RESPONSE:

- a. There are no contracts to provide.
- b. See attached titled "Modifications and Improvements".

Mike Agee

Mike Agee
Manager, KWA

Respectfully submitted,

Jud Patterson

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