

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**


|   |   |                            |
|---|---|----------------------------|
| <b>ELECTRONIC APPLICATION OF KNOX</b>     | ) |                            |
| <b>COUNTY UTILITY COMMISSION FOR</b>      | ) |                            |
| <b>AUTHORIZATION TO EXECUTE AN</b>        | ) |                            |
| <b>ASSISTANCE AGREEMENT WITH THE</b>      | ) |                            |
| <b>KENTUCKY INFRASTRUCTURE</b>            | ) | <b>CASE NO. 2023-00003</b> |
| <b>AUTHORITY AND FOR A CERTIFICATE OF</b> | ) |                            |
| <b>PUBLIC CONVENIENCE AND NECESSITY</b>   | ) |                            |
| <b>TO CONSTRUCT THE BARBOURVILLE</b>      | ) |                            |
| <b>CONNECTION-KY 225 PROJECT</b>          | ) |                            |

**KNOX COUNTY UTILITY COMMISSION'S RESPONSE TO  
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

Knox County Utility Commission submits its Response to Commission Staff's First Request for Information.

Dated: February 2, 2023

Respectfully submitted,



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

*Counsel for Knox County Utility Commission*

## **CERTIFICATE OF SERVICE**

In accordance with 807 KAR 5:001, Section 8, and the Public Service Commission's Order of July 22, 2021 in Case No. 2020-00085, I certify that this document was transmitted to the Public Service Commission on February 2, 2023 and that there is currently no party that the Public Service Commission has excused from participation by electronic means in this proceeding.

  
*Counsel for Knox County Utility Commission*



VERIFICATION

COMMONWEALTH OF KENTUCKY     )  
  ) SS:  
COUNTY OF FRANKLIN             )

The undersigned, Kenneth D. Taylor, P.E., being duly sworn, deposes and states has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and that the answers contained therein are true and correct to the best of his information, knowledge and belief.

*Kenneth D. Taylor*  
Kenneth D. Taylor

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 2nd day of February 2023.

*Leah Cleverhant* (SEAL)  
Notary Public

My Commission Expires: 11-7-23

Notary ID: # 0321990

**KNOX COUNTY UTILITY COMMISSION**

**Response to Commission Staff's First Request for Information  
Case No. 2023-00003**

Question No. 1

Responding Witness: Kenneth D. Taylor

**Q-1. Refer to Application, Exhibit 13. State the useful life for the equipment and facilities described in the bid tabulation.**

A-1. See Exhibit 1 attached to this Response.

**EXHIBIT 1  
USEFUL LIFE - PROPOSED FACILITIES**

KENVIRONS, LLC  
770 Winkinson Blvd.  
FRANKFORT, KENTUCKY 40601  
TEL (502) 695-4357

PROJECT: Barbourville Connection - KY 225  
LOCATION: Knox County Utility Commission  
BID DATE: December 2, 2022 10:30 a.m.

|   |
|---|
| Akins Excavating Co., Inc.<br>182 Busy Lane<br>Corbin, KY 40701 |
|---|

| ITEM NO. | ITEM DESCRIPTION             | USEFUL LIFE YEARS | UNIT | QUANTITY | UNIT COST | COST      |
|----------|------------------------------|-------------------|------|----------|-----------|-----------|
|          | Base Bid                     |                   |      |          |           |           |
| 2        | 4" PVC Water Main            | 62.5              | LF   | 1,120    | 28.00     | 31,360.00 |
| 3        | 3" PVC Water Main            | 62.5              | LF   | 90       | 24.00     | 2,160.00  |
| 13       | 4" Tie-in                    | 62.5              | EA   | 6        | 1,800.00  | 10,800.00 |
| 14       | 3" Tie-in                    | 62.5              | EA   | 2        | 1,800.00  | 3,600.00  |
| 18       | 4" Blow-off Assembly         | 62.5              | EA   | 3        | 2,840.00  | 8,520.00  |
| 19       | Fire Hydrant                 | 50                | EA   | 4        | 7,700.00  | 30,800.00 |
| 20       | Bored Encasement for 8" Pipe | 62.5              | LF   | 60       | 200.00    | 12,000.00 |
| 21       | Bored Encasement for 4" Pipe | 62.5              | LF   | 30       | 180.00    | 5,400.00  |
| 22       | Bored Encasement for 3" Pipe | 62.5              | LF   | 30       | 180.00    | 5,400.00  |
| 23       | Reconnect Meter Service      | 40                | EA   | 92       | 760.00    | 69,920.00 |
| 24       | 3/4" Service Tubing          | 40                | LF   | 2,780    | 14.00     | 38,920.00 |
| 25       | Leak Detection Meter         | 62.5              | EA   | 1        | 4,460.00  | 4,460.00  |
| 26       | Directional Bore #1          | 62.5              | LS   | 1        | 30,885.00 | 30,885.00 |
| 27       | Directional Bore #2          | 62.5              | LS   | 1        | 47,900.00 | 47,900.00 |
| 28       | Directional Bore #3          | 62.5              | LS   | 1        | 26,760.00 | 26,760.00 |

**EXHIBIT 1  
USEFFUL LIFE - PROPOSED FACILITIES**

KENVIRONS, LLC

770 Winkinson Blvd.

FRANKFORT, KENTUCKY 40601

TEL (502) 695-4357

PROJECT:

Barbourville Connection - KY 225

LOCATION:

Knox County Utility Commission

BID DATE:

December 2, 2022 10:30 a.m.

| ITEM NO. | ITEM DESCRIPTION                | USEFUL LIFE YEARS | UNIT | QUANTITY                     | UNIT COST  | COST                |
|----------|---------------------------------|-------------------|------|------------------------------|------------|---------------------|
| 29       | Creek Crossing                  | 62.5              | LS   | 3                            | 10,300.00  | 30,900.00           |
| 30       | 8" Gate valve                   | 62.5              | EA   | 15                           | 2,190.00   | 32,850.00           |
| 31       | 6" Gate valve                   | 62.5              | EA   | 1                            | 1,760.00   | 1,760.00            |
| 32       | 4" Gate valve                   | 62.5              | EA   | 6                            | 1,440.00   | 8,640.00            |
| 33       | 3" Gate valve                   | 62.5              | EA   | 2                            | 1,300.00   | 2,600.00            |
| 34       | 2" Gate valve                   | 62.5              | EA   | 5                            | 1,170.00   | 5,850.00            |
| 35       | Air Relesase Valve              | 62.5              | EA   | 1                            | 2,315.00   | 2,315.00            |
| 36       | Cut and Cap Existing Waterline  | 62.5              | EA   | 3                            | 1,790.00   | 5,370.00            |
| 37       | 300 gpm Booster Pump Station    | 37.5/20*          | LS   | 1                            | 282,000.00 | 282,000.00          |
| 38       | 3" Master Meter Setting         | 62.5              | LS   | 1                            | 17,980.00  | 17,980.00           |
| 39       | Free Bore                       | 62.5              | LF   | 180                          | 57.00      | 10,260.00           |
| 40       | Pavement Replacement            |                   |      |                              |            |                     |
|          | 40a. Light Duty Bitumnous       | 62.5              | LF   | 560                          | 78.00      | 43,680.00           |
|          | 40b. Crushed Stone              | 62.5              | LF   | 595                          | 40.00      | 23,800.00           |
|          |                                 |                   |      | <b>Total Base Project</b>    |            | <b>\$796,890.00</b> |
|          | Additive Alternate              |                   |      |                              |            |                     |
| 2        | 4" PVC Water Main               | 62.5              | LF   | 500                          | 28.00      | \$14,000.00         |
| 3        | 3" PVC Water Main               | 62.5              | LF   | 540                          | 24.00      | 12,960.00           |
| 13       | 4" Tie-In                       | 62.5              | EA   | 1                            | 1,800.00   | 1,800.00            |
| 18       | 4" Blow-off Assembly            | 62.5              | EA   | 1                            | 2,840.00   | 2,840.00            |
| 21       | Bored Encasement for 4" Pipe    | 62.5              | LF   | 85                           | 180.00     | 15,300.00           |
| 23       | Reconnect Meter Service         | 40                | EA   | 3                            | 760.00     | 2,280.00            |
| 40       | 3/4" Service Tubing             | 40                | LF   | 90                           | 14.00      | 1,260.00            |
| 40       | Pavement Replacement            |                   |      |                              |            |                     |
|          | 40a. Light Duty Bituminous      | 62.5              | LF   | 80                           | 78.00      | 6,240.00            |
|          | 40b. Light Duty Bitumnous       | 62.5              | LF   | 60                           | 40.00      | 2,400.00            |
| 41       | 8"x4" Tapping Sleeve & Valve    | 62.5              | EA   | 1                            | 4,335.00   | 4,335.00            |
| 42       | 8"x3" Tapping Sleeve & Valve    | 62.5              | EA   | 1                            | 2,680.00   | 2,680.00            |
| 43       | 3" Blowoff Assembly             | 62.5              | EA   | 1                            | 2,870.00   | 2,870.00            |
| 44       | Open Cut Encasement for 4" Pipe | 62.5              | LF   | 40                           | 95.00      | 3,800.00            |
|          |                                 |                   |      | <b>Total Alternate No. 1</b> |            | <b>\$72,765.00</b>  |
| *        | Structuree/Pumping Equipment    |                   |      |                              |            |                     |

**KNOX COUNTY UTILITY COMMISSION**

**Response to Commission Staff’s First Request for Information  
Case No. 2023-00003**

Question No. 2

Responding Witness: Kenneth D. Taylor

**Q-2. Refer to Application, page 4, paragraph 9.**

- a. State the age, remaining useful life, accumulated depreciation, and remaining depreciation for existing water lines that will be abandoned or replaced under the proposed plan.**
- b. State the purpose of replacing the “2,100 linear feet of aging 3-inch and 4-inch water main.” (2,100 ft. main)**
- c. State the construction costs and operations & maintenance (O&M) costs associated just with the 2,100 ft. main replacement.**
- d. Provide the repair costs associated with the 2,100 ft. main in 2021.**

A-2. a. The existing water lines were installed in 1964 and have been in service for 59 years. For accounting purposes, the lines were assigned a useful life of 40 years and were fully depreciated several years ago. Knox County Utility Commission (“KCUC”) does not currently have access to the records to provide the accumulated depreciation expense on the water lines.

b. The existing lines are thin wall glued joint polyvinyl chloride (“PVC”) lines that have aged and are now brittle and difficult to repair when leaks occur. Economically it makes sense to replace these lines while a contractor is performing work in the general vicinity.

c. The estimated construction cost is \$72,765.00, which is the bid price for Alternate 1. The 2,100 linear feet of existing water main will be replaced with approximately 500 linear feet of 4-inch water main on one end and approximately 540 linear feet of 3-inch water main on the other end. There will be a gap of approximately 1,060 feet in the middle where there are no houses. Annual O&M costs are estimated to be approximately \$220.

d. The repair costs for the existing main for calendar year 2021 were:

|              |                |
|--------------|----------------|
| Materials    | \$1,925        |
| Payroll      | \$1,177        |
| Equipment    | <u>\$1,000</u> |
| <b>Total</b> | <b>\$4,102</b> |

## **KNOX COUNTY UTILITY COMMISSION**

### **Response to Commission Staff's First Request for Information Case No. 2023-00003**

Question No. 3

Responding Witness: Kenneth D. Taylor

**Q-3. Refer to Application, page 3, paragraph 7.**

- a. Provide copies of current water purchase agreements with Corbin City Utilities Commission, the city of Pineville, and Barbourville Utility Commission.**
- b. State the estimated percentage of total water requirements Knox County Commission expects to obtain from each of Corbin City Utilities Commission, the city of Pineville, and Barbourville Utility Commission after completion of the proposed project.**
- c. Provide copies of all communications with Corbin City Utilities Commission, the city of Pineville, and Barbourville Utility Commission regarding their ability to meet water volume demands for the proposed project or any alternative proposals.**
- d. Provide verification from Barbourville Utility Commission that it is willing and able to meet the water needs set forth in the proposed project.**
- e. State the maximum water volume (in gallons per minute) that is able to be drawn from each of Corbin City Utilities Commission, the city of Pineville, and Barbourville Utility Commission with existing connections.**
- f. State the pipe size of the connection to Corbin City Utilities Commission and the city of Pineville.**
- g. Describe any construction that would be necessary to upgrade the connection to each of Corbin City Utilities Commission and the city of Pineville to increase water volume in the same amount that the proposed project would increase water volume.**
- h. Explain how Knox County Commission determined which water purchase agreement to increase its water volume from.**

**A-3. a. See Exhibit 2 to this Response.**

- b. Upon completion of the proposed project, KCUC will satisfied its water requirements in the following manner: City of Pineville (6.4%); Corbin City**

Utilities Commission (42.9%); Barbourville Utility Commission (39.1%); and KCUC Water Treatment Plant (11.6%).

- c. KCUC did not consider either the city of Pineville or the Corbin City Utilities Commission as viable options and did not approach either. Corbin's facilities were too far from the service area. Pineville has historically limited the amount of water which it will supply to KCUC. There were no written communications with the Barbourville Utility Commission. All communications were telephonically or in person. A copy of the water purchase agreement with Barbourville Utility Commission is found at Exhibit 2 of this Response.
- d. See the written agreement between Barbourville and KCUC which is found at Exhibit 2 of this Response.
- e. The maximum water volumes that KCUC can draw from its current suppliers under present conditions are: Corbin City Utilities Commission (200 gallons per minute); city of Pineville (200 gallons per minute); Barbourville Utility Commission (170 gallons per minute). KCUC's ability to draw water from Corbin City Utilities Commission and the city of Pineville is limited by the capacity of the booster pump stations serving the connection. In the case of the Barbourville Utility Commission, KCUC's ability to withdraw water is limited by the size of the master meter.
- f. The connection pipe sizes are: Corbin City Utilities Commission (6-inch) and city of Pineville (8-inch).
- g. To increase the volume taken from Corbin City Utilities Commission, KCUC would have to upgrade two booster pump stations and construct approximately 20 miles of water main. To increase the volume taken from the city of Pineville, KCUC would have to upgrade a booster pump station and construct approximately 3.5 miles of water main. This response addresses only the actions required by KCUC to increase the volume of water. It does not address the construction of facilities that the water suppliers might require to provide greater volumes of water.
- h. Barbourville Utility Commission approach KCUC about supplying greater volumes of water. As noted above, neither the Corbin City Utilities Commission nor the city of Pineville were deemed viable alternatives to provide additional water supply.

EXHIBIT 2

WHOLESALE AGREEMENTS  
CORBIN CITY UTILITIES COMMISSION  
CITY OF PINEVILLE  
BARBOURVILLE UTILITY COMMISSION



THIRD ADDENDUM

This THIRD ADDENDUM made and entered into this 3<sup>rd</sup> day of June, 2014, between the CITY UTILITIES COMMISSION of Corbin, Kentucky, (hereinafter referred to as "City") and KNOX COUNTY UTILITY COMMISSION of Artemus, Kentucky, (hereinafter referred to as "District");

WITNESSETH:

WHEREAS, the parties have previously entered into a Water Purchase Contract dated August 11, 1992; First Addendum dated November 15, 1999; and Second Addendum dated January 7, 2003; and now desire to modify the terms of said contract and addendums and for a valuable consideration, the receipt of which is hereby acknowledged, including the hereinafter expressed covenants, the referenced water purchase contract and addendums between the parties are hereby amended as follows:


- A) The City Agrees:
- 1) (Quality and Quantity) To furnish the District, at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the State Board of Health in such quantity as may be required by the District, but not to exceed two hundred gallons per minute (200 gpm) and 9,000,000 gallons per month without the consent or acquiescence of the City.

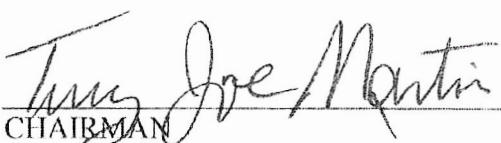
In all other respects, the previous contract is ratified and confirmed except insofar as it was amended by the previous addendums.

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

CITY UTILITIES COMMISSION  
OF CORBIN, KENTUCKY

ATTEST:

  
SECRETARY

By:   
CHAIRMAN

KNOX COUNTY UTILITY COMMISSION

ATTEST:

Cathy Smith  
SECRETARY

By: Jerry Paul Cox  
CHAIRMAN

SECOND ADDENDUM

This SECOND ADDENDUM made and entered into this 7<sup>th</sup> day of January, 2003, between the CITY UTILITIES COMMISSION of 901 South Main Street, Corbin, Kentucky 40701 (hereinafter referred to as "City") and KNOX COUNTY UTILITY COMMISSION, of Artemus, Kentucky 40903 (hereinafter referred to as "District");

WITNESSETH:

**WHEREAS**, the City and Dewitt Water District have previously entered into a water purchase contract dated August 11, 1992, and amended on November 15, 1999;

**WHEREAS**, the Dewitt Water District and the East Knox Water District merged to become the Knox County Utility Commission (the District) by a merger agreement dated May 14, 1999, and approved by the Public Service Commission on January 29, 2001;

**WHEREAS**, the District has requested that the water purchase contract between the City and Dewitt Water District be revised to be between the City and the District;

**WHEREAS**, the existing contract and addendum no. 1 between the City and Dewitt Water District are attached as Exhibit "A";

**WHEREAS**, it is in the best interest of both parties to modify the existing contract to be between the City and the District;

**NOW THEREFORE**, both parties agree to the following:

1. The existing contract between the City and Dewitt Water District is modified to be between the City and the District.
2. The contract shall extend for a period of forty (40) years from January 1, 2003. The addendum shall be approved by both parties in its entirety, or shall be null and void in its entirety if not approved.

In all other respects, the existing contract and amendment no. 1 between the City and Dewitt Water District are ratified and confirmed between the City and the District.

The changes reflected in this addendum shall become effective January 1, 2003.

IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies have caused this contract to be duly executed in six (6) counterparts, each of which shall constitute an original.

CITY UTILITIES COMMISSION

BY: Dallas R Eubank

ATTEST:

Ronald W. Hill

KNOX COUNTY UTILITY  
COMMISSION

BY: [Signature]

ATTEST:

[Signature]

**EXHIBIT "A"**

Water Purchase Contract between City Utilities Commission of Corbin and  
Dewitt Water District, dated August 11, 1992

First Addendum to Water Purchase Contract between City Utilities Commission  
of Corbin and the Dewitt Water District, dated November 15, 1999

Second Addendum  
City Utilities Commission and  
Knox County Utility Commission

FIRST ADDENDUM

FILE COPY

This FIRST ADDENDUM made and entered into this 15TH day of NOVEMBER, 1999, between the CITY UTILITIES COMMISSION of 901 South Main Street, Corbin, Kentucky, (hereinafter referred to as "City") and DEWITT WATER DISTRICT, of Artemus, Kentucky (hereinafter referred to as "District");

WITNESSETH:

WHEREAS, the parties have previously entered into a Water Purchase Contract dated August 11, 1992; and now desire to modify the terms of said contract for a valuable consideration, the receipt of which is hereby acknowledged, including the hereinafter expressed covenants, the aforementioned water purchase contract between the parties is amended as follows:

REC'D CITY UTILITIES COM  
OFFICE  
DEC 15 1999  
FBI...  
...  
...

Paragraph "A" is amended to read as follows:

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Kentucky Natural Resources and Environmental Protection Cabinet as set forth in KRS Chapter D3 and 224 and 401 KAR Chapter 8, as of the date of this contract in such quantity as may be required by the Purchaser not to exceed 5,000,000 gallons per month.
2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at 30 psi (minimum) from existing eight (8) inch main at the existing metering station located on Little Indian Creek Road at  $\pm$  40' south of intersection of Little Indian Creek Road and Mosley Branch Road. If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.



3. The total proposed maximum rate of water withdrawn from the CUC shall not exceed 200 gpm. Pumping full time, this will equate to 8.6 MG/month.
4. The Dewitt Water District will construct water storage tank capacity equal to two (2) days water needs or a minimum of 300,000 gallons for the portion of its water distribution served by the CUC.

RECEIVED  
CITY OF CORBIN  
DEC 15 1999

Paragraph "B" is amended to read as follows:

DEC 15 1999

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 15th day of each month, for water delivered in accordance with the following schedule of rates:
  - a. \$ 2.20 for the first 1,000 gallons, plus \$50.00 monthly service charge per metering station.
  - b. \$ 2.20 per 1,000 gallons for all water in excess of 1,000 gallons. A 10% penalty will be added if the bill is not paid on or before the 15th of the month in which same is due and water service will be discontinued to all delinquent accounts in accordance with the applicable City of Corbin Water/Service/Rate Ordinance.

C. Term of Contract

1. This contract shall extend for a period of forty (40) years from the date of this Addendum stated herein.

The addendum shall be approved by all parties in its entirety or same shall be null and void in its entirety.

In all other respects, the previous contract between the parties is ratified and confirmed.

The changes reflected in this addendum shall become effective with the City bills to the District dated the first day of January 1, 2000.

IN WITNESS WHEREOF, the parties hereto, acting under the authority of their respective governing bodies have caused this contract to be duly executed in six (6) counterparts, each of which shall constitute an original.

CITY UTILITIES COMMISSION  
OF CORBIN, KENTUCKY

BY: Dallas R Eubanks  
DALLAS R. EUBANKS, CHAIRMAN

ATTEST:

G. Donna L. Hlav  
SECRETARY

DEWITT WATER DISTRICT

BY: Richard Shackelford  
RICHARD SHACKLEFORD, CHAIRMAN

ATTEST:

G. J. Smith  
SECRETARY

This First Addendum is approved on behalf of the Rural Development (Farmers Home Administration) this \_\_\_\_\_ day  
of \_\_\_\_\_.

DEC 15 1999

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_



USDA-FHA  
Form FHA 442-30  
(Rev. 4-19-72)

WATER PURCHASE CONTRACT

FILE COPY

This contract for the sale and purchase of water is entered into as of the 11th day of August 19 92, between the CITY UTILITIES COMMISSION of Corbin, Kentucky,  
901 South Main Street, Corbin, KY 40701-1899  
(Address)

hereinafter referred to as the "Seller" and the DEWITT WATER DISTRICT, Artemus, KY  
(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Chapter 74 of Code of Kentucky Revised Statutes, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

Whereas, by Resolution No. 401 enacted on the 11th of August, 19 92, by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said Resolution was approved, and the execution of this contract carrying out the said Resolution by the CUC of Corbin, Kentucky and attested by the Secretary, was duly authorized, and

Whereas, by Resolution of the Board of Commissioners of the Purchaser, enacted on the 4th day of August, 19 92, the purchase of water from the Seller in accordance with the terms set forth in the said Resolution was approved, and the execution of this contract by the Chairman attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

- (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Kentucky Natural Resources and Environmental Protection Cabinet as set forth in ~~KRS Chapters D3 and 224 and 401 KAR Chapter 8,~~ as of the date of this contract.  
in such quantity as may be required by the Purchaser not to exceed 2,500,000 gallons per month.

SEP 16 1992

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated

at 30 psi (min) from an existing eight (8) inch main supply at a point located on

Little Indian Creek Rd. at ±40' South of intersection of Little Indian Cr. Rd & Mosley Br. Rd.

If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

\* 3. <sup>Purchaser shall</sup> (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, 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 the Purchaser and to calibrate such metering equipment whenever requested by the ~~Purchaser~~ Seller but not more frequently than once 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 six (6) 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 furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller

and Purchaser shall agree upon a different amount. The metering equipment shall be read on Monthly. An appropriate official of the Purchaser/at all reasonable times shall have access to the meter for the purpose of verifying its readings, and/or Seller

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 10th day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding monthly billing Period.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 15th day of each month, for water delivered in accordance with the following schedule of rates:

a. \$ 1.40 for the first 1,000 gallons, ~~which amount includes the~~ ~~minimum rate per month~~ plus \$50.00 monthly service charge. Minimum monthly bill is charge for 1,000,000 gal. of water plus \$50.00 service charge or \$1,450.00.

b. \$ 1.40 ~~per~~ per 1000 gallons for water in excess of 1,000 gallons. A 10% penalty will be added if the bill is not paid on or before the 15th of the month in which same is due and water service will be discontinued to all delinquent accounts in accordance with the applicable City of Corbin Water/Service/Rate Ordinance.

\* The purchaser shall furnish, install, operate and maintain all equipment outlined in item #3 above in accordance with CUC's standard requirements, plus provide annual testing and recalibration as necessary of the metering equipment. In addition thereto, the purchaser shall install and maintain a proper backflow prevention device that will meet or exceed the requirements of the KY Division of Water, KNREPC.

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of \$140,000.00 dollars.



C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 40 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That 30 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

\* 3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a

flat charge of \$ 1.40 per 1,000 / gallons which will be paid by the contractor or, on his failure to pay, by the Purchaser.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every one year period. In the event the City increases water rates to its customers, the rates which apply to this contract may be increased. The increase shall not exceed that percentage increase charged all other such customers of the CUC, within the WWS-1 Wholesale Service Classification. Other provisions of this contract may be modified or altered by mutual agreement.

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

\*3(Water will be made available through a temporary meter furnished by Seller and installed by the Purchaser or Contractor.)

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in 6 counterparts, each of which shall constitute an original.

CITY UTILITIES COMMISSION  
Seller: Corbin, KY

John L. Daniel  
By JOHN L. DANIEL

Title CHAIRMAN

Attest:

Monette W. Cobb  
Secretary

Purchaser: DEWITT WATER DISTRICT, Artemus, KY

Beatrice Bingham  
By BEATRICE BINGHAM

Title CHAIRMAN

Attest:

James M. Bingham  
Secretary

This contract is approved on behalf of the Farmers Home Administration this 8<sup>TH</sup> day of SEPTEMBER,  
19 92.

Jimmy H. Hall  
By COMMUNITY AND BUSINESS ADVISORS SOCIETY  
Title COMMUNITY AND BUSINESS ADVISORS SOCIETY

## WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 20<sup>th</sup> day of JANUARY, 2004, between the Pineville Utility Commission, 151 Pine Street, P. O. Box 277, Pineville, Kentucky, 40977, hereinafter referred to as the "Seller" and the Knox County Utility Commission, P. O. Box 8, Artemus, Kentucky, 40903, hereinafter referred to as the "Purchaser",

### WITNESSETH:

Whereas, the Purchaser, is organized and established under the provisions of \_\_\_\_\_, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

Whereas, by action of the Pineville Utility Commission on JANUARY 20, 2004, the Seller approved this Contract for sale of water to the Purchaser, and attested by the Secretary was duly authorized, and

Whereas, by action of the Knox County Utility Commission, on Jun 1<sup>st</sup> 2004, the purchase of water from the Seller in accordance with the terms set forth in this Contract was approved, the Contract executed, and attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

#### A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Kentucky Natural Resources and Environmental Protection Cabinet, Division of Water, in such quantity as may be required by the Purchaser, not to exceed one million (170,000) gallons per month.
2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure, in accordance with Division of Water regulation, calculated at the master meter location from an existing eight-inch water main located near the Bell County-Knox County line on State Highway 92 at Lone Jack. If a greater



pressure than is normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To furnish, install, operate and maintain at its own expense at point of delivery, 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 the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once 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 preceding six (6) 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 furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on the first business day of each month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.
4. (Billing Procedure) To furnish the Purchaser at the above address not later than the first (1<sup>st</sup>) day of the month following the meter reading with an itemized statement of the amount of water furnished from the Purchaser during the preceding billing period.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the tenth (10<sup>th</sup>) day of each month, for water delivered and billed in accordance with the following schedule of rates:
  - a. \$59.50 for the thirty-four thousand (34,000) gallons, which amount shall also be the minimum rate per month and payable as a minimum bill regardless of amount of gallons purchased.
  - b. \$1.75 per one thousand (1,000) gallons for water in excess of thirty-four hundred thousand (34,000) gallons.
  - c. Any amount billed and outstanding after the tenth (10<sup>th</sup>) day of the month shall be subject to a ten percent (10%) penalty calculated on the outstanding balance.
2. (Connection Fee) To pay to the Seller as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of two thousand forty dollars (\$2,040.00) which shall be considered the tap fee. In

addition, the Purchaser shall pay any and all costs of the Purchaser or Seller for installation of metering equipment, backflow prevention devices, and valves.

C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this Contract shall extend for a term of forty (40) years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.
2. (Delivery of Water) That forty-five (45) days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing of the date for the initial delivery of water.
3. (Water for Testing) When requested by the Purchaser, the Seller will make available to the Purchaser's contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge of one dollar seventy-five cents (\$1.75) per one thousand (1,000) gallons which will be paid by the contractor or, on his failure to pay, by the Purchaser.
4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to the Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.
5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of each annual period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.
6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this Commonwealth and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.
7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being furnished by a loan made or insured by, and/or a grant from, the United States of America, acting through Rural Development of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing,

of the State Director of Rural Development. Upon receipt of such approval and payment of the Connection Fee by the Purchaser to the Seller, Seller will embark upon necessary system improvements and construction of the metering equipment necessary to provide water service to the Purchaser.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this Contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in 2 counterparts, each of which shall constitute an original.

Seller:

Pineville Utility Commission

By

Patricia M. Bingham

Title: Chairperson

Attest:

[Signature]  
Secretary

Purchaser:

Knox County Utility Commission

By

G. J. Senter

Title

Vice Chairman

Attest:

[Signature]  
Secretary

This contract is approved on behalf of Rural Development this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

By \_\_\_\_\_

Title \_\_\_\_\_



**WATER PURCHASE CONTRACT**

This contract for the sale and purchase of water is entered into as of the 29th day of December,  
2021, between the Barbourville Utility Commission,

202 Daniel Boone Drive, Barbourville, KY 40906  
(Address)

hereinafter referred to as the "Seller" and the Knox County Utility Commission,

P. O. Box 1630, Barbourville, KY 40906  
(Address)

hereinafter referred to as the "Purchaser",

**WITNESSETH:**

Whereas, the Purchaser is organized and established under the provisions of Chapter 74 of the  
Code of Kentucky Revised Statutes, for the purpose of constructing and operating a water supply distribution  
system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this purpose,  
the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present  
customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the  
system now on file in the office of the Purchaser, and

Whereas, by resolution No. enacted on the 27th day of May, 2020,  
by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said resolution  
was approved, and the execution of this contract carrying out the said resolution by the  
Barbourville Utility Commission, and attested by the Secretary, was duly authorized, and

Whereas, by resolution of the Board of Commissioners of the Purchaser,  
enacted on the 7th day of December, 2021, the purchase of water from the Seller  
in accordance with the terms set forth in the said resolution was approved, and the execution of this  
contract by the Knox County Utility Commission, and attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

**A. The Seller Agrees:**

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or  
any renewal or extension thereof, potable treated water meeting applicable purity standards of the  
Commonwealth of Kentucky

in such quantity as may be required by the Purchaser not to exceed 7,500,000 gallons per month.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer STOP 7602, 1400 Independence Avenue, S.W., Washington, D. C. 20250-7602. Please DO NOT RETURN this form to this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at

79 psi from an existing twelve (12) inch main supply at a point located on Farmer Lane near its intersection with KY Highway 225.

If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, 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 the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once 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 6 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 furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on or about the 10th of each month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 1st day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

**B. The Purchaser Agrees:**

1. (Rates and Payment Date) To pay the Seller, not later than the 10th day of each month, for water delivered in accordance with the following schedule of rates:

a. \$ 210.00 for the first 100,000 gallons, which amount shall also be the minimum rate per month.

b. \$ 2.10 cents per 1000 gallons for water in excess of 100,000 gallons but less than 7,500,000 gallons.

c. \$ n/a cents per 1000 gallons for water in excess of \_\_\_\_\_ gallons.

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of \$1,000.00 dollars which shall cover any and all costs of the Seller for installation of the metering equipment and all additional cost of connection to be borne by the purchaser.



C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 20 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That 30 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge of \$ 0.00 which will be paid by the contractor or, on his failure to pay, by the Purchaser.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every 1 year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement. Any time the rates to the Purchaser are modified the rates to the Seller's other users shall also be adjusted accordingly.

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through Rural Development of the United States Department of Agriculture, and the provisions here of pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of Rural Development.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in two counterparts, each of which shall constitute an original.

Seller:

Barbourville Utility Commission

By *Josh Collins*

Title General Manager

Attest:

*[Signature]*  
Secretary

Purchaser:

Knox County Utility Commission

By *[Signature]*

Title Chairman

Attest:

*Willis R. Brewer*  
Secretary

This contract is approved on behalf of Rural Development this \_\_\_\_\_ day of \_\_\_\_\_,

By n/a

Title n/a

**KNOX COUNTY UTILITY COMMISSION**

**Response to Commission Staff's First Request for Information  
Case No. 2023-00003**

Question No. 4

Responding Witness: Kenneth D. Taylor

**Q-4. Refer to Application, page 4, paragraph 10.**

- a. State the expected output (in gallons per year) of Knox County Commission's water treatment plant under the reduced usage plan.**
- b. Provide an itemized breakdown of the calculation of \$35,704 in savings resulting from reducing water treatment plant to one shift per day.**
- c. State the age, remaining useful life, accumulated depreciation, and remaining depreciation for the water treatment plant.**
- d. Identify all service disruptions caused by Cumberland River flooding since 2013, including dates their durations.**
- e. State whether Knox County Commission was able to obtain sufficient water via its water purchase agreements to prevent or shorten service disruptions identified in your response to 4(d) above.**
- f. Describe any "staffing problems" resulting from operator retirements, including efforts to hire operators and salary and benefits offered.**
- g. State your water treatment annual payroll expense:**
  - (1) Prior to operator retirements;**
  - (2) At present;**
  - (3) Estimated under proposed project;**
  - (4) Estimated if the plant were running at maximum capacity.**

- A-4.**
- a. 26,000,000 gallons of water per year.**
  - b. See Exhibit 4 to this Response.**
  - c. KCUC's Water Treatment Plant was constructed in 1964 and is 59 years old. Its estimated remaining useful life with normal maintenance is 10 years.**
  - d. February 6-9, 2020; April 13-14, 2020.**

- e. KCUC was able to obtain sufficient water from its suppliers to avoid any service disruptions but service was provided at lower pressures and without full water storage tanks.
- f. With the retirement of one operator and the death of another, KCUC presently has only two licensed operators plus its superintendent and two unlicensed employees to operate the plant under an alternative staffing plan that the Kentucky Division of Water has approved. Advertisements in the local newspaper have failed to yield any licensed applicants. The two unlicensed employees are planning to obtain their licenses but have not yet met the requirements to take the required examination.
- g. See below.

| Water Treatment Plant Payroll  |              |
|--------------------------------|--------------|
| Current                        | \$139,686.00 |
| Completion of Proposed Project | \$38,584.00  |
| WTP at Maximum Capacity        | \$154,357.00 |

EXHIBIT 4

PROJECTED SAVINGS

KNOX COUNTY UTILITY COMMISSION  
BARBOURVILLE CONNECTION – KY 225

ASSUMPTIONS AND CALCULATIONS BASED ON 2021 PSC ANNUAL REPORT

2021 Water Production: 106,875,000 gallons round up to 110,000,000 gallons

2021 Water Treatment Expense: \$311,098

2021 WTP Purchased Power: \$17,399

2021 Water Treatment Expense per 1,000 gallons excluding power\*:

$(\$311,098 - \$17,399) / 106,875 = \$2.75$

2024 Water Treatment Expense with 10% Inflation Adjustment:  $\$2.75 \times 1.10 = \$3.02/1,000$   
gallons

2024 Water Purchase Cost - Barbourville:  $\$2.10/1,000$  gallons

2024 Booster Pump Station Pumping Cost Assumed at  $\$0.20/1,000$  gallons

2024 Debt Service – KIA SRF Loan: \$32,100

Interest: \$1,500

Principal: \$29,100

Service Fee: \$1,500

Assume two thirds of the water treated will be purchased from Barbourville:  $0.67 (110,000,000) =$   
73,700,000 gallons

Projected 2024 Water Treatment Expense – All water treated at WTP: 110,000,000 gallons x  
 $\$3.02/1,000$  gallons = \$332,200

Projected 2024 Water Treatment/Purchase Expense – 2/3 Water Purchased from Barbourville:  
 $((0.67 \times 110,000,000 \text{ gallons}) @ \$2.10 \text{ per } 1,000 \text{ gallons}) + (0.33 \times 110,000,000 \text{ gallons}) @ \$3.02/1,000$   
gallons =  $\$154,770 + \$109,626 = \$264,396$

Projected Savings:  $\$332,200 - \$264,396 - \$32,100 = \$35,704$

\* WTP Power Cost removed because it also includes office and shop plus lights, heaters, etc.

**KNOX COUNTY UTILITY COMMISSION**

**Response to Commission Staff's First Request for Information  
Case No. 2023-00003**

Question No. 5

Responding Witness: Kenneth D. Taylor

**Q-5. Refer to Application, page 5, paragraph 11.**

- a. State improvements necessary to continue operating the water treatment plant, their estimated cost, and their estimated date.**
- b. State whether Knox County Commission plans to retire the water treatment plant and obtain all water via water purchase agreements instead of making necessary improvements to the water treatment plant.**
- c. If Knox County Commission plans to retire the water treatment plant, state the expected retirement date and all estimated costs and savings associated with retirement.**
- d. State the maximum water production capacity of the water treatment plant.**
- e. State the current daily output of the water treatment plant.**
- f. Provide annual total water usage from 2013 to present.**

- A-5.
- a. Only normal maintenance is anticipated in be necessary in the near future to keep the plant operational.
  - b. KCUC does not intend to decommission the water treatment plant in the near future.
  - c. See response to Question 5b.
  - d. 256 gallons per minute or 368,640 gallons per day.
  - e. Approximately 300,000 gallons.
  - f. See table on next page.



| <b>Year</b> | <b>Water Usage</b> |
|-------------|--------------------|
| 2013        | 183,411,000        |
| 2014        | 190,434,000        |
| 2015        | 201,065,000        |
| 2016        | 193,516,000        |
| 2017        | 186,441,000        |
| 2018        | 197,011,000        |
| 2019        | 188,707,000        |
| 2020        | 203,635,000        |
| 2021        | 219,173,000        |
| 2022        | 213,246,000        |

**KNOX COUNTY UTILITY COMMISSION**

**Response to Commission Staff's First Request for Information  
Case No. 2023-00003**

Question No. 6

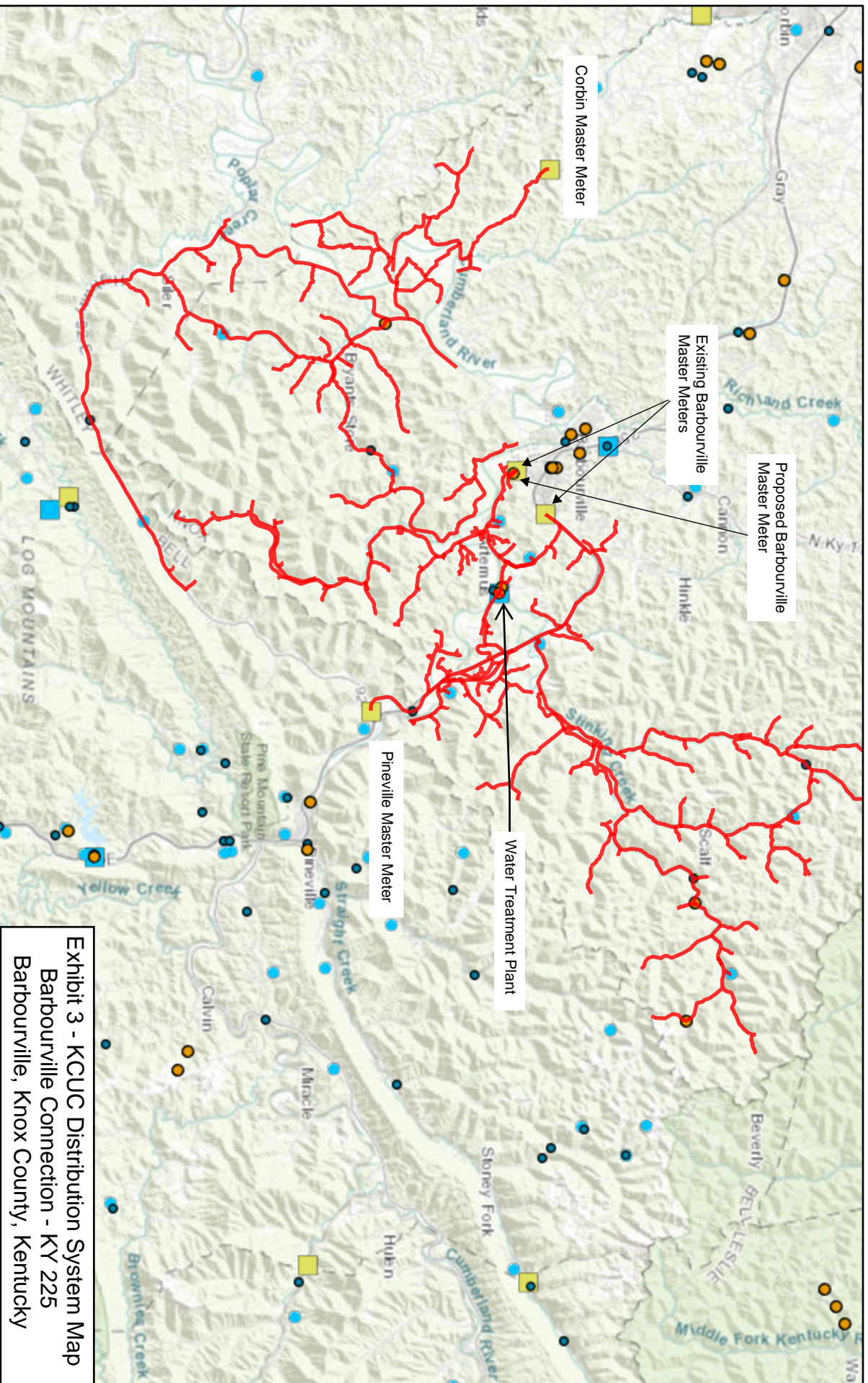
Responding Witness: Kenneth D. Taylor

**Q-6. Refer to Application, page 3, paragraph 9.**

- a. Explain how Knox County Commission determined what size pipe and what capacity pump station were necessary to achieve the desired increase in water volume from Barbourville Utility Commission.**
- b. Explain how Knox County Commission determined what percentage of its water should be obtained from Corbin City Utilities Commission, the city of Pineville, Barbourville Utility Commission, and Knox County Commission's water treatment plant.**
- c. Provide any documentation related to the determination described in your response to 6(a) and (b) above.**
- d. State the percentage of water volume obtained from each of Corbin City Utilities Commission and the city of Pineville in 2021 and under the proposed plan.**
- e. Identify any other methods of achieving the desired increase in water volume from Barbourville Utility Commission that were considered as alternatives to the proposed plan.**
- f. Identify any other combinations of increase or decrease in volume obtained via each water purchase agreement and Knox County Commission water treatment plant usage that were considered as alternatives to the proposed plan.**
- g. For any alternatives to the proposed plan identified in your responses to 6(e) and (f) above, provide:**
  - (1) Construction cost estimates;**
  - (2) Estimated water treatment plant savings;**
  - (3) Estimated O&M costs;**
  - (4) Any differences in useful lives of equipment from the proposed project.**
  - (5) Any documents referencing these alternatives.**

- A-6.
- a. The pump station capacity was selected to pump the average daily production rate in 2021 (293,000 gallons per day) in 16 hours and the pipe size was determined to keep the pressures (less than 150 pounds per square inch) at the customers' meters in the lower elevation areas. The pump capacity also matches the high service pumps at the water treatment plant.
  - b. All these percentages are determined by the physical layout of the distribution (pressure zones and feed points) system and usage in each zone.
  - c. See Exhibit 3 to this Response.
  - d. In 2021 KCUC purchased approximately 42.9 percent of its total water volume from Corbin City Utilities Commission and 6.4 percent from Pineville. These percentages are not anticipated to change under the proposed plan.
  - e. No other methods of achieving the desired increase in water were considered.
  - f. No other combinations were considered. Experience has shown that the system works best when valved off as it currently is and the proposed plan will keep it the same.
  - g. Not applicable.

# ArcGIS Web Map



**Exhibit 3 - KCUC Distribution System Map**  
Barbourville Connection - KY 225  
Barbourville, Knox County, Kentucky

2/2/2023, 3:07:42 PM

- Well Sources
- Water Treatment Plants
- Water Tanks
- Purchase Sources
- Water Pumps
- Non-Community Points
- Proposed Water Improvements

1:288,895  
0 2 4 6 8 mi  
0 3 6 12 km