

RFI Question 7D:

Explain reference N which reflects a decrease of \$10,142 to purchased water expense based on lower rate from Frankfort for flushed water. Provide calculations for this adjustment and describe the basis for this decision in detail.

PMWD Response: Peaks Mill Water District (PMWD) entered into an Agreed Order with the Commonwealth of Kentucky Energy and Environment Cabinet on November 12, 2020. The Agreed Order was to address low chlorine residuals in the distribution system. In order to comply with state drinking water regulations, flushing is required to maintain chlorine residuals above 0.5 ppm. This requires extensive flushing, especially during the period of April to November when water temperature rise and chlorine residuals decay. PMWD requested Frankfort Plant Board (FPB) to allow a credit for water flushed to maintain chlorine residuals. FPB has agreed to a credit for the metered water flushed based on a rate of \$0.91 per 1,000 gallons. The Flushing Water Agreement has been executed and filed with the Commission and shown in Exhibit 7D.

Based on a credit of \$0.91 per 1,000 gallons of metered water flushed and projections of flushed water through October 2023, PMWD estimated an annual savings of \$10,142.46 in the rate filing. Using actual flushing volumes reported for January to December 2023, the annual savings are revised to a forecast \$9,756.10 based on 5,948,839 gallons of flushed water. The table below provides details of the calculations used to determine the annual savings from this credit.

Estimated Flush Volume Credit							
Flushing Period - Dates	Zone 1 Flush Volume	Zone 2 Flush Volume	Total Zone 1 & 2 Only	FPB Volume Purchased (from FPB Master Meters)	% Flushed of Purchased Volume (max allowed = 20%)	FPB Credit for Zone 1&2 @ \$1.64 \$(2.55-0.91)	Cumulative Value
12/16/23 to 1/18/23	1,775	9,399	11,174	6,429,927	0.17%	\$18.33	\$18.33
1/18/23 to 2/16/23	2,825	11,384	14,209	4,861,957	0.29%	\$23.30	\$41.63
2/16/23 to 3/15/23	6,998	50,000	56,998	4,816,239	1.18%	\$93.48	\$135.10
3/15/23 to 4/19/23	6,959	75,909	82,868	5,962,003	1.39%	\$135.90	\$271.01
4/19/23 to 5/16/23	8,956	247,530	256,486	6,883,568	3.73%	\$420.64	\$691.65
5/16/23 to 6/13/23	283,720	573,390	857,110	6,538,253	13.11%	\$1,405.66	\$2,097.31
6/14/23 to 7/27/23	767,050	549,720	1,316,770	7,914,315	16.64%	\$2,159.50	\$4,256.81
7/27/23 to 8/15/23	669,300	525,421	1,194,721	6,085,375	19.63%	\$1,959.34	\$6,216.15
8/16/23 to 9/12/23	332,000	379,795	711,795	6,312,014	11.28%	\$1,167.34	\$7,383.49
9/13/23 to 10/17/23	452,506	529,790	982,296	7,662,970	12.82%	\$1,610.97	\$8,994.46
10/18/23 to 11/15/23	135,200	242,486	377,686	5,014,391	7.53%	\$619.41	\$9,613.87
11/16/23 to 12/12/23	83,322	3,404	86,726	4,427,290	1.96%	\$142.23	\$9,756.10
Total 2024 Estimate	2,750,611	3,198,228	5,948,839	72,908,302	8.16%	\$9,756.10	

Response Prepared By:

Greg C. Heitzman

BlueWater Kentucky

1/12/24

Exhibit 7D

FLUSHING WATER AGREEMENT

This Flushing Water Agreement ("Agreement") is entered into this 10th day of October 2023 by and between The Electric and Water Plant Board of the City of Frankfort, KY ("FPB") located at 151 Flynn Avenue Frankfort, KY 40601 and Peaks Mill Water District ("Peaks Mill") located at 7165 US 127 N, Frankfort, KY 40601

WITNESSETH

WHEREAS, FPB and Peaks Mill executed a water purchase agreement dated June 6, 1995 and amended November 6, 1995 whereby FPB sells water to Peaks Mill;

WHEREAS, Peaks Mill was party to an Agreed Order ("Agreed Order") with the Commonwealth of Kentucky Energy and Environment Cabinet dated November 12, 2020 in Case No. DOW 19-3-0210;

WHEREAS, the Agreed Order requires Peaks Mill to maintain proper chlorine residual levels throughout its water distribution system ("system");

WHEREAS, Peaks Mill's system is designed such that large amounts of flushing water are required to maintain the proper chlorine residuals;

WHEREAS, Peaks Mill is making improvements to its system to reduce or eliminate water loss;

WHEREAS, because of these and other operational challenges the Peaks Mill Board of Directors is considering the dissolution the Peaks Mill Water District;

WHEREAS, Peaks Mill has requested FPB's assistance while it makes improvements to its system and decides whether it is necessary to dissolve the district;

WHEREAS, the maintenance of FPB's customer base is important in preserving the lowest possible rates for all of its customers;

NOW, THEREFORE, in consideration for the mutual commitments hereinafter set forth FPB and Peaks Mill (the "Parties") agree as follows:

1. Charges for Flushing Water

Peaks Mill agrees to pay FPB its current wholesale rate of \$2.55 per 1,000 gallons for all water consumed pursuant to FPB's P.S.C. KY. NO. 1 tariff effective November 12, 2014 applicable to all wholesale water users regulated by the Public Service Commission purchasing water from the FPB for resale.

FPB shall then deduct or credit water used for system flushing at FPB's then current gratis rate. The current gratis rate is \$0.91 per 1,000 gallons and shall automatically increase based upon future cost of service studies without requiring further amendment of this Agreement. This credit or deduction shall be applied within thirty (30) days of FPB's receipt of metered volumes from Peaks Mill.

Notwithstanding the foregoing, the total volume to be credited shall not exceed ten percent (20%) of the volumetric sales to Peaks Mill on a monthly basis.

2. Meter Testing

Peaks Mill shall provide a map showing the locations of all meters for flushing locations.

KENTUCKY PUBLIC SERVICE COMMISSION
Linda C. Andrew
Executive Director
EFFECTIVE
12/30/2023
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Exhibit 7D

Peaks Mill shall utilize meters sized appropriately depending upon flow rate and shall adhere to AWWA standards for meter usage and accuracy when calculating flushing water. FPB may make monthly tests and inspections of the master meter and flushing meters; and additional testing may be performed by the FPB at its sole discretion at any time. FPB will provide a twenty-four (24) hour notice to Peaks Mill prior to conducting any meter test, allow Peaks Mill personnel to witness the test, and submit test results to the appropriate official or agent designated by Peaks Mill upon request. A meter registering within the acceptable limits as defined by American Water Works Association (AWWA) standards shall be deemed to be accurate.

If any meter fails to register for any period, the amount of water furnished or flushed during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless the FPB and Peaks Mill shall agree upon a different amount.

3. FPB Tariff and Service Rules and Regulations

FPB and Peaks Mill acknowledge that all other terms and conditions of service contained in FPB's tariffs, service rules and regulations and prior contracts and agreements between FPB and Peaks Mill shall remain the same.

4. Indemnity

Peaks Mill agrees to indemnify, defend and hold harmless FPB from and against any and all claims, actions, damages, losses, including attorney fees and expert fees, that arise from or are in any way connected to the performance of this Agreement.

5. Term and Termination

This Agreement shall become effective when it has been filed and accepted by the PSC. FPB shall file an executed copy of this Agreement with the PSC. Peaks Mill agrees that it will take whatever steps are necessary and issue any approvals required to secure PSC approval of this Agreement.

This Agreement shall automatically terminate five (5) years after the PSC approves the Agreement. Thereafter, Peaks Mill will no longer receive a flushing water credit or deduction.

Alternatively, this Agreement may be terminated upon thirty (30) days' written notice to the other party. Notice shall be provided by certified mail to the FPB General Manager and Peaks Mill Board Chair.

6. Obligation to meet and confer

Every six (6) months the parties shall meet at a mutually convenient location and time to discuss the progress Peaks Mill has made in improving its system and whether it is necessary to continue this Agreement.



Exhibit 7D

IN TESTIMONY WHEREOF, the Parties hereto have caused this Agreement to be executed by its duly authorized officers, on this date and year first above written.

Electric and Water Plant Board
of the City of Frankfort,
Kentucky

By: 
Board Chair

Attest:



Peaks Mill

By: 
Board Chair

Attest:



