

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

**In the Matter of:**

<b>ELECTRONIC APPLICATION OF NORTH</b>	)	<b>Case No.</b>
<b>NELSON WATER DISTRICT FOR A</b>	)	<b>2024-00347</b>
<b>DECLARATORY ORDER</b>	)	

**RESPONSE OF  
NORTH NELSON WATER DISTRICT  
TO  
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
DATED DECEMBER 17, 2024**

**Filed: January 3, 2025**

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

**In the Matter of:**

<b>ELECTRONIC APPLICATION OF NORTH</b>	)	<b>Case No.</b>
<b>NELSON WATER DISTRICT FOR A</b>	)	<b>2024-00347</b>
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COMMISSION STAFF’S FIRST REQUEST FOR INFORMATION**

North Nelson Water District (the “District”) submits its Response to  
Commission Staff’s First Request for Information.



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*Counsel for North Nelson Water District*

## 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 January 3, 2025 and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding.

A handwritten signature in blue ink that reads "Damon P. Talley". The signature is written in a cursive style and is positioned above a horizontal line.

*Counsel for North Nelson Water District*

**SWORN CERTIFICATION AND VERIFICATION**

**COMMONWEALTH OF KENTUCKY**    )  
  ) **SS:**  
**COUNTY OF NELSON**                            )

The undersigned, Colin S. Cissell, being duly sworn, deposes and states that he, as General Manager for North Nelson Water District, has personal knowledge of the matters set forth in the responses for which he is identified as the witness in Kentucky Public Service Commission Case No. 2024-00347, and the answers contained therein are true and correct to the best of his information, knowledge, and belief.

Colin S. Cissell

Colin S. Cissell  
General Manager  
North Nelson Water District

Subscribed, sworn to, and acknowledged before me, a Notary Public in and for said county and state, this 3 day of January 2025.

Susan E Duncan  
Notary Public

My Commission Expires: 05/23/2026

Notary ID: KYNP52228

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

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<b>ELECTRONIC APPLICATION OF NORTH</b>	)	<b>Case No.</b>
<b>NELSON WATER DISTRICT FOR A</b>	)	<b>2024-00347</b>
<b>DECLARATORY ORDER</b>	)	

**CERTIFICATION OF RESPONSE OF  
NORTH NELSON WATER DISTRICT  
TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION**

This is to certify that I have supervised the preparation of North Nelson Water District's Response to Commission Staff's First Request for Information as required by 807 KAR 5:001, Section 4(12)(d)(2)(b). The Response submitted on behalf of North Nelson Water District is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Date: January 3, 2025

  
\_\_\_\_\_  
Colin S. Cissell, General Manager  
North Nelson Water District

**NORTH NELSON WATER DISTRICT**

**Case No. 2024-00347**

**Response to Commission Staff's First Request for Information**

**Question No. 1-1**

**Responding Witness:** Colin S. Cissell, General Manager

**Q 1-1. Refer to the Application, Exhibit 12 Water Purchase Agreement.**

- a. Explain how North Nelson District plans to address any change in demand for minimum purchase amounts. Specifically, if the city of Bardstown (Bardstown) does not purchase the minimum gallons per day, explain how North Nelson District plans to cover the expenses associated with this project.**
- b. Explain whether North Nelson District has the ability to increase the \$0.27 transmission fee per 1,000 gallons if circumstances arise where the "initial rate" is extended, and North Nelson District is not able to cover expenses.**

**A 1-1a.** Under the terms of the September 17, 2024 Water Purchase Agreement between North Nelson District and the City of Bardstown ("Bardstown") (the "Agreement), which is currently under review by the Commission,<sup>1</sup> Bardstown is obligated to purchase 365 million gallons of water per year from North Nelson District (see paragraph 3B of the Agreement) once North Nelson District's Phase 1 and Phase 2

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<sup>1</sup> See *Electronic Tariff Filing of North Nelson Water District of a Wholesale Water Purchase Agreement with the City of Bardstown and a Tariff to Establish a Wholesale Rate to the City of Bardstown*, Case No. 2024-00336. The Agreement was filed on September 26, 2024.

Projects and Louisville Water Company's ("Louisville Water") Highway 245 Improvements are completed and placed into service. This is scheduled to occur on or before December 31, 2026.

If for some reason Bardstown does not purchase the minimum annual amount of 365 million gallons per calendar year (an average of one (1) million gallons per day annualized over one year), Bardstown must pay North Nelson District the difference between the cost of 365 million and the cost of the actual amount of water purchased (see the last portion of paragraph 3B of the Agreement). This will ensure that North Nelson is paid even if Bardstown does not use the minimum gallons per day.

It should be noted that the minimum amount which North Nelson is required to purchase from Louisville Water is based on an annual minimum as well (see paragraph 3 of the September 25, 2024 Water Purchase Agreement between Louisville Water and North Nelson District (the "Louisville Water Agreement"), which is currently under review by the Commission<sup>2</sup>.

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<sup>2</sup> See: *Electronic Tariff Filing of Louisville Water Company of a Wholesale Water Purchase Agreement with North Nelson Water District and a Wholesale Water Purchase Agreement Between North Nelson Water District and the City of Bardstown*, Case No. 2024-00335. Louisville Water Company filed the Water Purchase Agreement between Louisville Water Company and North Nelson on September 26, 2024.

Under the terms of the Louisville Water Agreement, Louisville Water cannot increase North Nelson District's minimum purchase amount from Louisville Water unless North Nelson District requests Louisville Water to increase the maximum daily amount which it is obligated to supply North Nelson. Similarly, Bardstown's minimum purchase amount from North Nelson will not increase unless Bardstown requests North Nelson District to increase the maximum daily amount which it is obligated to supply Bardstown. Neither of these events are expected to occur within the next ten (10) years.

**A 1-1b.** North Nelson District does **not** foresee any reason why the "initial rate" will need to be extended beyond the completion of North Nelson's Phase 1 and Phase 2 Projects. However, if for some reason these projects are not completed by December 31, 2026, or if Louisville Water's Highway 245 Project is not completed by this date, North Nelson will not be obligated to purchase the minimum amount set forth in paragraph 3 of the Louisville Agreement. Thus, there will not be any increased cost to North Nelson District.

North Nelson District plans for one of Kentucky Rural Water Association's ("KRWA") rate consultants to prepare the Cost-of-Service Study ("COSS") as outlined in paragraph 11 of the Agreement with



Bardstown. North Nelson District has already been negotiating both the timing and the scope of services of the COSS with KRWA. KRWA has agreed to start the COSS during the second quarter of 2025 so that much of the COSS work can be performed during the early part of the construction of the Phase 2 Project. This will guarantee that the formula or allocation of certain costs to Bardstown (e.g. depreciation expense and water loss) can be calculated and presented to Bardstown in late 2025. This will ensure that the proposed Tariff containing the formula for computing the transmission fee can be filed with the Commission at least nine (9) months before it will need to go into effect.