

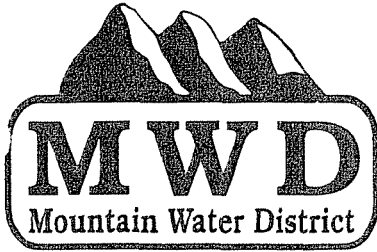
MOUNTAIN WATER DISTRICT
PIKEVILLE, KY.

CASE NO. 2008-00508

RESPONSE TO COMMISSION STAFF'S
THIRD SET
OF INFORMATION REQUESTS TO
MOUNTAIN WATER DISTRICT

JULY 10, 2009

RECEIVED
JUL 13 2009
PUBLIC SERVICE
COMMISSION



P. O. BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
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July 10, 2009

Jeff Derouen
Kentucky Public Service Commission
PO Box 615
Frankfort, KY 40602-0615

RECEIVED

JUL 13 2009

PUBLIC SERVICE
COMMISSION

RE: Case No. 2008-00508

Dear Mr. Derouen,

Please find enclosed Mountain Water District's responses to your inquiries. I, Kevin Lowe, compiled all of the following responses. All responses are true and accurate to the best of my knowledge, information, and belief formed after reasonable inquiry.

Should you have any questions, please contact me at 606-631-9162, extension 307.

Sincerely,

Kevin Lowe
Office/Financial Manager

Cc: Toni Akers, Chairperson, MWD
Honorable David Edward Spenard, Asst. Attorney General
Grondall Potter, Manager
PSC – Non-Recurring Rate Charges File

1. a. State whether Mountain District will require each customer applying for sewer service to complete an application form.

The only form we require to be completed is a Sewer User Agreement, which is a service agreement. (see 1.b.)

- b. State whether Mountain District will require each customer applying for sewer service to execute a service agreement or contract.

Yes, a Sewer User Agreement

- c. If Mountain District's Response to Items 1(a) or 1(b) is yes:

(1) Provide the standard application form and/or contract that will be used; and

See Attached Form

(2) State whether Mountain District's filed tariff will be amended to include the form(s).

Yes, we would like to request that the tariff be amended to include this form.

2. State whether Mountain District intends to revise its rules for sewer service to expressly describe a customer's responsibility for the repair and maintenance of grinder stations. If yes, describe the proposed revision.

The customer's responsibility for the repairs and maintenance of grinder stations are included in the Sewer User Agreement. (See Attached Form) The District will cover any maintenance required due to normal wear and tear, however the customer will be responsible for any repairs due to damage they have cause, which would include introducing inappropriate items into the grinder station or abuse of the grinder station, at the then current cost to complete such repairs.

3. a. State whether, given the amount of the proposed tap fee for sewer service through a pressurized system, Mountain District intends to require an applicant for such service to pay the entire amount before a tap is made.

Yes

- b. State whether Mountain District permits prospective customers for

sewer service through a pressurized system to pay the tap fee in installments. If yes, state the rules and conditions that govern such installment payments.

The District would allow a prospective customer to pay the tap fee in installments; however, the tap would not be installed until all installments are paid. The customer can pay any amount they want at any time they want and when we have received payment for the entire tap fee we would then set the tap.

4. State whether Mountain District expects that the proposed level of the tap fee for sewer service through a pressurized system will deter persons from requesting such service.

No, the \$2,600 Tap Fee would be less than the cost to a customer to have a conventional septic system installed.

5. State why, given the level of the proposed tap fee for sewer service through a pressurized system, recovery of a portion of the costs associated with the connection to the pressurized sewer through general rates is not more reasonable than recovery of all costs through the proposed tap fee.

Recovering the cost through general rates would require that other customers pay for one customer's decision to receive sewer service. The District feels that it would have to request a considerable rate increase to accomplish this, which would prevent more customers from signing up for service, as they could not afford the monthly bill. The district does not feel it would be fair to our current customer to have to pay, through a rate increase, for another customer's tap fee.



SEWER USER AGREEMENT
FOR PRESSURE SEWER SYSTEM

Phone No: _____

This agreement entered into between _____,

whose address is _____

hereinafter called "user," and the Mountain Water District, hereinafter called the "District."

WITNESSETH

WHEREAS, the user desires to use the sewer services of the District, and to enter into a sewer users agreement as required by the Bylaws of the District.

NOW THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, it is hereby understood and agreed by the parties hereto as follows:

The District shall furnish, subject to the limitations set out in its Bylaws and Rules and Regulations now in force or as hereafter amended, a sewer system in connection with user's occupancy of the following described property:

The user agrees to grant to the District, its successors and assigns, a perpetual easement in, over, through, under, and upon the above described land, with the right to erect, construct, install, and lay, and thereafter use, operate, inspect, repair, maintain, replace, and remove sewer lines and appurtenant facilities, together with the right to utilize adjoining lands belonging to the user for the purpose of ingress to and egress from the above described lands.

The user hereby agrees to connect to the sewer system of the District. The tap-on fee of the sewer system is \$ _____. A State inspection fee payable to the Kentucky State Treasurer of \$ _____ will be charged (residential) at the time of connection (all businesses must obtain permits at the Pike County Health Department).

The user agrees to comply with and be bound by the Bylaws and Rules and Regulations of the District, now in force, or as hereafter duly and legally supplemented, amended or changed. The user also agrees to pay sewer charges at such rates, time and place as shall be determined by the District, and agrees to the imposition of such penalties for noncompliance as are now set out in the District's Bylaws and Rules and Regulations, or which may be hereafter adopted and imposed by the District. The monthly rates will be reasonable and the user shall comply with all rates, rules and regulations of the District, which are approved by the Public Service Commission of Kentucky

The District shall have final authority on any questions of location of any service line connection to its sewer system, and may shut off water service to a user who allows a connection or extension to be made to such sewer lines for the purpose of supplying sewer service to another user

The user recognizes that a grinder pump is being installed and accordingly must be aware that foreign objects, which cannot be ground, must not be disposed to the sewer. The District is responsible for the installation and routine maintenance of the grinder pump; however, if after inspection of a problem, it is found that improper items were disposed in the sewer, the user shall be billed for necessary repairs.

User also agrees that the electric service for the grinder pump shall be supplied by the user and will allow the District to connect to their service when the pump is installed.

The user shall install and maintain, at user's expense, service connection lines to the grinder pump on user's property and all other devices necessary to deposit user's sewage into the District's sewer. Service line material and installation must be in accordance with the State Plumbing Code as administered by the Division of Plumbing, Department of Housing, Building and Construction. All and any work on the customer's side shall be inspected by an appropriate representative of the Pike County Health Department before the service line is backfilled. The user shall keep the service line and appurtenances in good working condition at all times and keep any infiltration from entering the service line. The user shall not deposit sewage in such a manner as to cause unusual fluctuations or disturbances to the District's system. The District will use reasonable diligence in supplying sewer service, but shall not be liable for breach of contract in the event of injury, damage to persons or property, or for loss resulting from interruptions in service. The service connection supplied by the District for the user has a definite capacity, and no addition to the equipment or load connected thereto will be allowed except by consent of the District. Failure to give notice of additions or changes in load and to obtain the District's consent for same, shall render the user liable for any damage to the District's lines or equipment caused by the additional or changed installation.

The user shall connect sewer service lines to the District's Collection System and shall commence to use sewer services of the system on the date the sewer collection line is made available to the user by the District. Sewer user charges to the user shall commence on the date service is made available, regardless of whether the user connects to the system.

It is mutually understood and agreed that the failure to pay sewer service charges duly imposed shall result in the automatic imposition of the following penalties:

1. Non-payment by the due date will be subject to a penalty of five (5%) percent of the delinquent amount.
2. Non-payment within thirty days from the due date will result in the water being shut off from the user's property.
3. In the event it becomes necessary for the District to shut off the water from a user's property, a fee of \$ 25.00 will be charged for reconnection of the service. The user will also be required to pay all delinquent accounts in full, unless otherwise agreed to in writing.

If the sewer system is constructed, and the user's property covered by the Agreement is not reached by the District's sewer line, the connection fee will be fully refunded to the user. Construction of sewer lines to serve the property covered under this Agreement depends upon feasibility, availability of funds for construction, and approval of all local, state, and federal agencies having jurisdiction over this type of facility.

THE DISTRICT DOES NOT GUARANTEE SEWER SERVICE TO THE USER.

IN WITNESS WHEREOF, we have executed this agreement this the _____ day of _____, 20____.

USER _____

BY: _____

(For Mountain Water District)

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