



# STOLL · KEENON · OGDEN

PLLC

2000 PNC PLAZA  
500 WEST JEFFERSON STREET  
LOUISVILLE, KY 40202-2828  
MAIN: (502) 333-6000  
FAX: (502) 333-6099  
www.skofirm.com

**W. DUNCAN CROSBY III**  
DIRECT DIAL: (502) 560-4263  
DIRECT FAX: (502) 627-8754  
duncan.crosby@skofirm.com

August 5, 2010

**VIA HAND DELIVERY**

Jeff DeRouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40601

**RECEIVED**

AUG 05 2010

**PUBLIC SERVICE  
COMMISSION**

**RE: Application of the City of West Liberty, Kentucky for Approval to Acquire the Utility Assets of Elam Utility Company, Inc., and for Approval of a Management Agreement**  
**Case No. 2010-00302**

Dear Mr. DeRouen:

During the informal conference held in this matter on August 4, 2010, the City of West Liberty indicated it might be able to supply into the record of this proceeding documentation of the insurance coverage the Kentucky League of Cities has agreed to provide if the Commission approves the asset purchase the City proposed in its Application. That documentation is attached for the record.

Should you have any questions, please contact me at your convenience.

Sincerely,

W. Duncan Crosby III

WDC:ec  
Enclosures  
cc: Parties of Record

113812 137923/646731.1



**Liability Insurance Invoice**

**F.E.I.N. 611123333**  
**Telephone: (800) 876 - 4552**  
**(859) 977 - 3700**

**Make check payable to and mail to:**  
**Kentucky League of Cities Insurance Services**  
**P.O. Box 34108**  
**Lexington, KY 40588**

**City of West Liberty**  
**565 Main Street**  
**West Liberty, KY 41472**

**Invoice Number: 20855**  
**Date: 07/15/2010**

POLICY NUMBER AND DESCRIPTION	AMOUNT
Policy Period: 07/01/2010 - 07/01/2011	
Policy Number: L5560-011110	
Endorsement #002	\$13,253.00
Less Payments Received	\$0.00
Premium Due	\$13,253.00
General Liability	\$7,491.00
Public Officials	\$5,762.00
A 5% late charge will be assessed on all late payments.	
Unless payment is received when due, coverage provided by this policy may be cancelled for non-payment retroactive to the beginning of the policy inception date.	
Amount Due by 07/30/2010	\$13,253.00

**Ison Insurance Agency, Inc.**  
**P. O. Box 188**  
**West Liberty, KY 41472**

**Member has been with KLCIS Liability since: 07/01/1995**

**Return original with payment.**

## LIABILITY ENDORSEMENT

**Endorsement Number:** 2

**Effective Date:** 07/14/2010

**Issued To:** City of West Liberty

**To be attached to and form a part of KLCIS**

**Policy Number:** L5560-011110

**Description:** Policy # L5560-011110 has been amended to increase limits on General Liability and Public Officials Liability to \$5,000,000.

The following endorsements have been added to policy # L5560-011110:

KLCIS-NGAS07 - KLC Natural Gas Liability Endorsement

KLCIS-NGASFM'07 - Force Majeure Gas Loss Coverage Amendatory Endorsement

KLCIS-NGASPOL'07 - KLC Natural Gas Pollution Endorsement

**Total Premium Due:** \$13,253.00

**ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.**

**Kentucky League of Cities Insurance Services**

By: *Nancy Resinger*

City of West Liberty

**KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES  
(KLCIS)  
LIABILITY COVERAGE DECLARATIONS**

Name of Insured: City of West Liberty

Policy Number: L5560-011110

Mailing Address: 565 Main Street, West Liberty, KY 41472

Agent of Record: Ison Insurance Agency, Inc.

Coverage Period: from **07/01/2010** at 12:01a.m. Standard (or Daylight) time to **07/01/2011** at 12:01 a.m. Standard (or Daylight) time at the mailing address shown above. For purposes of the prior acts coverage endorsement, this policy shall be deemed renewed annually one year from the initial coverage date.

Subject to all terms of this policy, KLCIS agrees to provide you with coverages shown below for which a premium is shown and you pay to us.

COVERAGE	LIMIT Per occurrence	DEDUCTIBLE Per occurrence	PREMIUM 07/01/10-07/01/2011 Installment
General Liability	\$5,000,000	\$0	\$25,687
Public Officials Liability	\$5,000,000	\$0	\$19,456
Law Enforcement Liability	\$2,000,000	\$0	\$11,884
Automobile Liability	\$2,000,000	\$0	\$24,297
Automobile Physical Damage	Actual Cash Value	see vehicle schedule	\$7,848
<b>TOTAL PREMIUM</b>			<b>\$89,172</b>

**\*In the event of an "Occurrence" or "Accident" which invokes more than one type of coverage under the same or different policies issued by KLCIS, then the liability of KLCIS shall not exceed the highest applicable limit under any one coverage.**

## City of West Liberty

<b>Your policy may contain premium adjustments for the following:</b>	
Accredited Law Enforcement Agency	0%
Alternative Dispute Resolution, Public Officials Only	0%
Loss Control Scorecard, GL, PO and Auto	0%
Loss Control Scorecard, LE	0%
Certified Ready and Prepared Community, GL	0%

<b>PRIOR ACTS COVERAGE</b>	
If a date or dates appear below, you are being provided with coverage for accidents or occurrences or wrongful acts, which pre-date your current coverage period. Coverage provided by the Prior Acts endorsement may have been part of an earlier policy issued to you by KLCIS. If so, no dates will appear below and no additional Prior Acts coverage is afforded by this policy.	
General Liability	
Public Officials	
Employee Benefits Liability	
Law Enforcement Liability	

Basic Coverage Forms: KLCIS-GL'2007, KLCIS-PO'2007, KLCIS-LE'2007, KLCIS-BA'2006

Endorsements: KLCIS-ADDINS'07, KLCIS-SB'2004, KLCIS-NGAS'07, KLCIS-NGASFM'07, KLCIS-NGASPOL'07, KLCIS - LIABEND'02

**COVERAGE SUBLIMITS**

For each of the coverages for which you paid a premium the following sublimits apply:

**GENERAL LIABILITY**

Fire Damage Limit	\$100,000	Per Fire
Medical Expense Limit	\$5,000	Per Person
Employee Benefits Liability	\$5,000,000	Per Occurrence
Hazardous Response Team	\$5,000,000	Per Occurrence

**AUTOMOBILE LIABILITY**

Personal Injury Protection	\$10,000	Per Person
Uninsured Motorists	\$100,000	Per Accident
Underinsured Motorists	\$100,000	Per Accident
"Comprehensive," Collision Damage	(see vehicle schedule)	

KLCIS-LD0707

City of West Liberty

2010-2011

**BUSINESS AUTOMOBILE POLICY DECLARATIONS****SCHEDULE OF COVERAGES AND COVERED AUTOMOBILES**

Each of the coverages will apply only to those AUTOMOBILES shown as covered AUTOMOBILES. AUTOMOBILES are shown as covered AUTOMOBILES for a particular coverage by the entry of one or more symbols as described in the coverage document.

<b>COVERAGES</b>	<b>COVERED AUTOS</b>	<b>LIMIT</b> (The most we will pay for any one accident or loss.)	
Liability Coverage	1,8,9	\$2,000,000	
Personal Injury Protection Per Person	5	\$10,000	
Uninsured Motorist/ Underinsured Motorist Coverage	2	\$100,000	
<b>PHYSICAL DAMAGE</b>			
		<b>LIMIT</b>	<b>DEDUCTIBLE</b>
Comprehensive Coverage	7,8	Actual Cash Value or Cost of Repair, whichever is less, minus deductible amount	See Vehicle Schedule
Collision	7,8		See Vehicle Schedule



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

NAME OF INSURED: City of West Liberty  
POLICY NUMBER: L5560-011110  
EFFECTIVE DATE: 07/14/2010

**NATURAL GAS LIABILITY ENDORSEMENT**

This endorsement modifies the insurance provided under KLCIS General Liability Coverage Form (KLCIS-GL '2007). The exclusion for natural gas systems contained in Section II – COVERAGES AND EXCLUSIONS, Subsection B. Special Exclusions for Coverages A and C, paragraph 18, is hereby deleted and replaced with the following:

18. Activities of, or with respect to any other utility, service, authority or department (other than for gas, water, sewage, electric services and/or telecommunications and cable) unless such utility, service, authority or department is specifically endorsed on this policy of insurance coverage.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

NAME OF INSURED: City of West Liberty  
POLICY NUMBER: L5560-011110  
EFFECTIVE DATE: 07/01/2010

**FORCE MAJEURE GAS LOSS COVERAGE  
AMENDATORY ENDORSEMENT**

This endorsement modifies the insurance provided under KLCIS General Liability Coverage Form (KLCIS-GL'2007). The following is added to SECTION II – COVERAGES AND EXCLUSIONS, Coverage A. Bodily Injury and Property Damage Liability:

4. We will pay for Natural Gas owned by the insured but lost while still in the possession of the seller (with whom you have a FERC Gas Tariff Agreement) for acts or events which are beyond the insured's control or the control of the seller. This exception does not apply to any negligence caused directly or indirectly by you or the seller (with whom you have a FERC Gas Tariff Agreement). Regardless of the number of insureds, claims made or "suits" brought; or persons or organizations making claims or bringing suits; \$25,000 is the most we will pay for all losses in any one policy year for this coverage.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

NAME OF INSURED: City of West Liberty  
POLICY NUMBER: L5560-011110  
EFFECTIVE DATE: 07/01/2010

**NATURAL GAS POLLUTION ENDORSEMENT**

This endorsement modifies the insurance provided under KLCIS General Liability Coverage Form (KLCIS-GL'2007). The following is added to SECTION II – COVERAGES AND EXCLUSIONS, Subsection A. Exclusions Applicable to All Coverages, paragraph 6:

This pollution exclusion does not apply to:

- e. "Bodily Injury" or "Property Damage" arising out of the ownership, maintenance, use, or operation any gas utility, service, authority or department by the named Insured which results in a sudden and accidental discharge of natural gas.

**john ison**

---

**From:** Brian Dickey [bdickey@klc.org]  
**Sent:** Wednesday, July 14, 2010 1:51 PM  
**To:** Nancy Resinger; insjohn@mrtc.com  
**Subject:** RE: West Liberty

Nancy, I sat down today with the City Clerk, City Attorney and one of the qualified operators for the existing utility. As long as the current two operator-qualified employees agree to become employees of the city and continue working this system, I believe it would be a good risk. During my visit, I found out the following important information:

The Public Service Commission supplied us with a copy of their last inspection showing that all DOT violations from their inspection were minor and had been taken care of appropriately.

This system, formally known as Elam Utilities has all plastic piping that is approximately 15 years old except for two lines that cross the river. These lines are metal and have the proper cathodic protection and are inspected on a regular basis. This system is considered new compared to most of the ones we currently insure.

Per DOT guidelines, a leak inspection is done annually of all the business portion of the system including downtown and a leak survey for residential customers is performed at least every 3 years.

System valves are inspected and mapped on an annual basis.

Abandoned lines are mapped and cut off at the main, filled and capped on both ends per our recommendations.

All meters are on a current replacement schedule of every 10 years which matches PSC and DOT guidelines.

Turn on and turn-off procedures are in place, but need some work. We can work with them to put written procedures in place to make them safer.

If you have any other questions, please call me.

J.Brian Dickey, CPCU, ARM-P  
Risk Management Specialist  
Kentucky League of Cities  
100 East Vine Street, Suite 800  
Lexington, Ky 40507  
O- 800-876-4552  
D- 859-977-3721  
C- 859-333-0407  
F- 859-977-0192

-----Original Message-----  
**From:** Nancy Resinger

8/4/2010

**Sent:** Wednesday, July 14, 2010 12:27 PM  
**To:** 'insjohn@mrtc.com'  
**Cc:** Brian Dickey  
**Subject:** West Liberty

John,

Attached are the various quotes for the addition of natural gas exposure, and the different limit options on GL and PO for the City of West Liberty.

As soon as I receive the PSC report and application, I can bind whatever options the city chooses.

Let me know if you have any questions.

Best regards,  
Nancy

Nancy D Resinger  
Underwriter  
KLC Insurance Services  
100 East Vine St., Suite 800  
Lexington, KY 40507  
Toll Free: 800 876-4552  
Direct: 859 977-3754  
Fax 859 977-0192

Mark Your Calendar  
**2010 KLC conference** September 14-17, 2010  
Louisville, Kentucky & expo Hyatt Regency 

---

This electronic mail transmission is intended solely for the named individual or entity to which it is addressed and may contain information that is confidential, proprietary and/or legally privileged. If you are not the intended recipient, do not read, copy, retain, forward or otherwise disseminate this message or any attachment. If you have received this transmission in error, please notify the Kentucky League of Cities via reply e-mail or at (859) 977-3700 and delete all copies of the message and any attachment from your system.

---

**john ison**

---

**From:** Nancy Resinger [nresinger@klc.org]  
**Sent:** Wednesday, July 14, 2010 1:27 PM  
**To:** john ison  
**Subject:** RE: City of West Liberty Gas utility info  
John,

Yes, please mail the paperwork you received relating to safety and operations. The reinsurance co. will want to review it.

Do you want me to bind coverage for the natural gas exposure and change the limits after you talk to the city, or do you want to do it all at once? I wasn't sure what your schedule was for discussing the increased limits with the city, and I know you need something in writing about the natural gas coverage soon. Let me know how you want to proceed. Either way is fine with me.

Nancy

Nancy D Resinger  
Underwriter  
KLC Insurance Services  
100 East Vine St., Suite 800  
Lexington, KY 40507  
Toll Free: 800 876-4552  
Direct: 859 977-3754  
Fax: 859 977-0192

-----Original Message-----

**From:** john ison [mailto:insjohn@mrtc.com]  
**Sent:** Wednesday, July 14, 2010 12:22 PM  
**To:** Nancy Resinger  
**Cc:** Brian Dickey  
**Subject:** City of West Liberty Gas utility info

Hi Nancy,

Attached are the questionnaire and the PSC Annual inspection and follow-up letter. I have reams of paper which was given to me all of which has to do with safety and operations. It is too much to email. Do you want me to copy and mail to you? Please advise per this.

Also, please let me know if there is any additional info you need to get prior to binding coverage effective either today or tomorrow. I am sorry this is a rush job.

Thanks,

*John L. Ison  
President  
Ison Insurance Agency, Inc.  
346 Riverside Drive  
P. O. Box 188  
West Liberty, KY 41472*

8/4/2010

[www.isoninsurance.com](http://www.isoninsurance.com)

Phone 606-743-4472

Toll Free 800-543-4766

Fax 606-743-4466

*Dave Ramsey's Endorsed Local Provider for Insurance - Eastern Kentucky Territory*

Mark Your Calendar  
**2010 KLC conference** September 14-17, 2010  
Louisville, Kentucky & expo Hyatt Regency 

---

This electronic mail transmission is intended solely for the named individual or entity to which it is addressed and may contain information that is confidential, proprietary and/or legally privileged. If you are not the intended recipient, do not read, copy, retain, forward or otherwise disseminate this message or any attachment. If you have received this transmission in error, please notify the Kentucky League of Cities via reply e-mail or at (859) 977-3700 and delete all copies of the message and any attachment from your system.

---