

453-15



January 6, 2011

RECEIVED

Ms. Teresa Webber
PUBLIC SERVICE COMMISSION
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

JAN 07 2011
PUBLIC SERVICE
COMMISSION

RE: Case No. **2010-00453**
Monroe County Water District's
General Rate Case

Dear Ms. Webber:

At the request of the Monroe County Water District and per 807 KAR 5:001. Rules of procedure. Section 3 (3), please find enclosed one copy of exhibits that are single-sided. This will also address your specific phone conversation with Ms. Jana Dubree, Office Manager, of the Monroe County Water District. Thank you, Ms. Webber, for your guidance.

Sincerely,

Melissa A. Melton
Melissa A. Melton
Technical Assistance Provider

RECEIVED

DEC 29 2010

**PUBLIC SERVICE
COMMISSION**

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

IN THE MATTER OF:

**THE APPLICATION OF THE MONROE COUNTY)
WATER DISTRICT FOR THE APPROVAL OF) CASE NO.
THE PROPOSED INCREASE IN RATES FOR) 2010-00453
WATER SERVICE)**

STATEMENT AND NOTICE

The Monroe County Water District ("MCWD"), by counsel, pursuant to KRS 278.020, KRS 278.180, KRS 278.190, and KRS 278.300, petitions the Commission for the approval of the proposed increase in the rates and charges. In support of its application, MCWD respectfully states as follows:

1. Monroe County Water District is a non-profit water district organized under KRS Chapter 74 and has no separate articles of incorporation or by-laws. MCWD's principal office and mailing address is 205 Capp Harlan Road, Tompkinsville, Kentucky 42167.

2. Monroe County Water District is engaged in the distribution and sale of water. As reported in its "Annual Report to the Public Service Commission for the Year Ending December 31, 2008," MCWD provided water service to approximately 3,264 residential customers and 71 commercial customers in Monroe County, Kentucky.

3. The proposed increase in the rates and charges is necessary for MCWD to meet continuing demand for adequate service. An increase in its rates is essential for Monroe County Water District to maintain a reasonable level of service, to meet the expanding needs of its service area, and to cover its debt service.

4. As authorized by KRS 278.192(1), and for the purpose of justifying the reasonableness of the proposed general increase in rates, MCWD has utilized an historical test period consisting of the twelve (12) consecutive calendar months ending December 31, 2008.

5. Monroe County Water District's annual reports, including the annual report for 2009, are on file with the Public Service Commission as required by 807 KAR 5:006, Section 3(1).

6. Monroe County Water District hereby gives notice to the Public Service Commission of the adjustment of its rates to those rates set forth in Exhibit No. 3 in the filing requirements. The proposed rates will result in an increase in annual operating revenues from water sales of \$445,160, an increase of approximately 38.14 percent over normalized revenues from water sales of \$1,167,113. The proposed increase in rates is supported by a Cost-of-Service study prepared by CAK Inc.'s Rural Community Assistance Program (RCAP).

7. The proposed tariffs (Exhibit No. 1) are shown in comparative form on the same sheets, side by side, and those comparative sheets are identified as Exhibit No. 2 in the filing requirements.

8. Monroe County Water District made the effort to comply with 807 KAR 5:011, Section 8, (2) by delivering to the local newspaper of general circulation in its service area a copy of the Notice identified as Exhibit No. 3 in the filing requirements, for publishing once a week for three consecutive weeks in a prominent manner, the first of said publications has been made within (7) days of the date the Application is filed with the Commission. The MCWD is requesting to deviate from the three consecutive

weeks requirements as detailed within Administrative Regulation 807 KAR 5:011, Section 8, (2), (c), because the local newspaper is closed the second week of the three consecutive weeks.


9. As required by 807 KAR 5:001, Section 8, (2), Monroe County Water District will post a copy of its Customer Notices (Exhibit No. 3) at its place of business on the date the Application is filed with the Commission, and it will remain posted until the Public Service Commission has determined MCWD's rates.

10. The list of the documents filed in support of Monroe County Water District's application for approval of the proposed adjustment of rates or the explanations for their absence is contained in the Filing Requirement Index.

WHEREFORE, the Applicant, Monroe County Water District requests the Public Service Commission of Kentucky to find that the proposed rates are fair, just, and reasonable pursuant to KRS 278.030(1).

Dated at Monroe County Water District, Kentucky this December 27, 2010.

Respectfully submitted,
MONROE COUNTY WATER DISTRICT

By 

Wes Stephens
Attorney At Law
215 North Main Street
Tompkinsville, Kentucky 42167
Telephone: 270-487-6303

**Monroe County Water District
Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 8(1)	Full name and P. O. address of applicant and reference to the particular provision of law requiring PSC approval.	Atty Statement and Notice No. 1
807 KAR 5:001 Section 8(2)	The original and 10 copies of application plus copy for anyone named as interested party.	An original and 10 copies are enclosed as required.
807 KAR 5:001 Section 10(1)(b)(1)	Reason adjustment is required.	Atty Statement and Notice No. 3
807 KAR 5:001 Section 10(1)(b)(2)	Statement that utility's annual reports, including the most recent calendar year, are filed with PSC. 807 KAR 5:006, Section 3(1)	Atty Statement and Notice No. 5
807 KAR 5:001 Section 10(1)(b)(3) & (5)	If utility is incorporated, certified copy of articles of incorporation and amendments or out of state documents of similar import. If they have already been filed with PSC refer to the style and case number of the prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	Atty Statement and Notice No. 1
807 KAR 5:001 Section 10(1)(b)(4) & (5)	If applicant is limited partnership, certified copy of limited partnership agreement. If agreement filed with PSC refer to style and case number of prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	N/A – Monroe County Water District is not a limited partnership.
807 KAR 5:001 Section 10(1)(b)(6)	Certified copy of certificate of assumed name required by KRS 365.015 or statement that certificate not necessary.	N/A – Monroe County Water District has never used an assumed name.
807 KAR 5:001 Section 10(1)(b)(7)	Proposed tariff in form complying with 807 KAR 5:011 effective not less than 30 days from date application filed.	Enclosed as Exhibit No. 1
807 KAR 5:001 Section 10(1)(b)(8)	Proposed tariff changes shown by present and proposed tariffs in comparative form or by indicating additions in italics or by underscoring and striking over deletions in current tariff.	Enclosed as Exhibit No. 2

**Monroe County Water District
Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10(1)(a)(9)	Statement that notice given, see subsections (3) and (4) of 807 KAR 5:001, Section 10 with copy.	Atty Statement and Notice No. 4; & Customer Notice enclosed as Exh. 3
807 KAR 5:001 Section 10(2)	If gross annual revenues exceed \$1,000,000, written notice of intent filed at least 4 weeks prior to application. Notice shall state whether application will be supported by historical or fully forecasted test period.	Enclosed as Exhibit No. 4
807 KAR 5:001 Section 10 (6)(a)	Complete description and quantified explanation for proposed adjustments with support for changes in price or activity levels, and other factors affecting the adjustment.	To be submitted under separate cover by RCAP.
807 KAR 5:001 Section 10 (6)(b) & (c)	If gross annual revenues exceed \$1,000,000, prepared testimony of each witness who will support the application. If less than \$1,000,000, prepared testimony of each witness who will support application or statement that utility does not plan to submit prepared testimony.	KY RCAP assisted the Monroe County Water District in preparing its application and will submit prepared testimony upon Commission guidance.
807 KAR 5:001 Section 10 (6)(d)	Estimate of effect that new rate(s) will have on revenues including, at minimum, total revenues resulting from increase or decrease and percentage of increase or decrease.	Atty Statement and Notice No. 6.
807 KAR 5:001 Section 10 (6)(e)	If electric, gas, water or sewer utility effect upon the average bill for each customer classification to which change will apply.	Within the Cost of Service Study enclosed as Exh. 10
807 KAR 5:001 Section 10 (6)(f)	If local exchange company, effect upon the average bill for 807 each customer class for change in basic local service.	N/A – Monroe County Water District is a Water District.
807 KAR 5:001 Section 10 (6)(g)	Analysis of customers' bills in such detail that revenues from present and proposed rates can be readily determined for each customer class.	Within the Cost of Service Study enclosed as Exh. 10

**Monroe County Water District
Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(h)	Summary of determination of revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules.	Monroe County Water District's revenue requirement is based on debt service coverage. To be submitted under separate cover by RCAP.
807 KAR 5:001 Section 10 (6)(i)	Reconciliation of rate base and capital used to determine revenue requirements.	N/A – Revenue Requirement reflects Debt Service.
807 KAR 5:001 Section 10 (6)(j):	Current chart of accounts if more detailed than the Uniform System of Accounts.	N/A – A more detailed system is not used.
807 KAR 5:001 Section 10 (6)(k)	Independent auditor's annual opinion report, with any written communication from auditor, which indicates existence of material weakness in internal controls.	The 2008 Audit had not been completed at the time RCAP prepared Cost of Service Study however, all Audits are current and have since been submitted to the Commission.
807 KAR 5:001 Section 10 (6)(l):	The most recent FERC or FCC audit reports.	N/A – Monroe County Water District is a Water District.
807 KAR 5:001 Section 10 (6)m	The most recent FERC Form 1 (electric), FERC Form 2 (gas), or Automated Reporting Management Information System Report (telephone) and PSC Form T (telephone).	N/A – Monroe County Water District is a Water District.
807 KAR 5:001 Section 10 (6)(n)	Summary of latest depreciation study with schedules by major plant accounts, except that telecommunications utilities adopting PSC's average depreciation rates shall provide schedule identifying current and test period depreciation rates used by major plant accounts. If filed in another PSC case refer to that case's number and style.	As provided by R. Brent Billingsley, CPA and enclosed as Exhibit No. 6
807 KAR 5:00 Section 10 (6)(o)	List of all commercial or in-house computer software, programs, and models used to develop schedules and work papers associated with the filing. Include each software,	Excel 97 - 2003 Word 97 - 2003 Adobe Reader 9

**Monroe County Water District
Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(p)	program, or model; what each was used for; its supplier; brief description and specifications for the computer hardware and the operating system required to run the program.	N/A – Monroe County Water District is a Water District.
807 KAR 5:001 Section 10 (6)(q)	Prospectuses of most recent stock or bond offerings.	N/A – Monroe County Water District is a Water District.
807 KAR 5:001 Section 10 (6)(r)	Annual report to shareholders, or members, and statistical supplements covering 2 years prior to application filing date.	Enclosed as Exhibit No. 5
807 KAR 5:001 Section 10 (6)(s)	Monthly managerial reports providing financial results for 12 months in test period. SEC's annual report for most recent 2 years, Form 10-Ks and any Form 8-Ks issued within past 2 years, and Form 10-Qs issued during the past 6 quarters updated as current information becomes available.	N/A – Monroe County Water District is a Water District.
807 KAR 5:001 Section 10 (6)(t)	If utility had any amounts charged or allocated to it by affiliate or general or home office, or paid any monies to affiliate or general or home office during test period or during previous 3 calendar years, file: 1. Detailed description of method of calculation and amounts allocated or charged to utility by affiliate or general or home office for each charge allocation or payment; 2. Explanation of how allocator for the test period was determined; and 3. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during test period was reasonable;	N/A – Monroe County Water District has no affiliate allocations.

**Monroe County Water District
Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(u)	If gas, electric or water utility, whose annual gross revenues exceed \$5,000,000, cost of service study based on methodology generally accepted in industry and based on current and reliable data from a single time period.	Enclosed as Exhibit No. 10
807 KAR 5:001 Section 10 (6)(v)	Local exchange carriers with fewer than 50,000 access lines need not file cost of service studies, except as specifically directed by PSC. Local exchange carriers with more than 50,000 access lines shall file: <ol style="list-style-type: none"> 1. Jurisdictional separations study consistent with Part 36 of the FCC's rules and regulations; and 2. Service specific cost studies to support pricing of all services that generate annual revenue greater than \$1,000,000, except local exchange access: <ol style="list-style-type: none"> (a) Based on current and reliable data from a single time period; and (b) Using generally recognized fully allocated, embedded, or incremental cost principles. 	N/A – Monroe County Water District is a Water District.
807 KAR 5:001 Section 10 (7)(a)	Detailed income statement and balance sheet reflecting impact of all proposed adjustments	<i>To be submitted under separate cover by RCAP.</i>
807 KAR 5:001 Section 10 (7)(b)	Most recent capital construction budget containing at least period of time as proposed for any pro forma adjustment for plant additions.	N/A – MCWD has not secured funding for the proposed water treatment plant.

**Monroe County Water District
 Filing Requirement Index
 Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (7)(c)	<p>For each proposed pro forma adjustment reflecting plant additions the following information:</p> <ol style="list-style-type: none"> 1. Starting date of the construction of each major component of plant; 2. Proposed in-service date; 3. Total estimated cost of construction at completion; 4. Amount contained in construction work in progress at end of test period; 5. Complete description of actual plant retirements and anticipated plant retirements related to the pro forma plant additions including the actual or anticipated date of retirement; 6. Original cost, cost of removal and salvage for each component of plant to be retired during the period of the proposed pro forma adjustment for plant additions; 7. Explanation of any differences in amounts contained in the capital construction budget and amounts of capital construction cost contained in the pro forma adjustment period; and 8. Impact on depreciation expense of all proposed pro forma adjustments for plant additions and retirements; 	<p>N/A – There are no pro forma adjustments that relate to future plant additions.</p>

**Monroe County Water District
Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10(7)(d)	Operating budget for each month of the period encompassing the pro forma adjustments;	<i>To be submitted by RCAP under separate cover.</i>
807 KAR 5:001 Section 10 (7)(e)	Number of customers to be added to the test period – end level of customers and the related revenue requirements impact for all pro forma adjustments with complete details and supporting work papers.	N/A –The WTP proposal will not result in new customers.
807 KAR 5:001 Section 10(3)(a)	Amount of change requested in dollar amounts and percentage for each customer classification to which change will apply.	Enclosed as Exhibit No. 2. The percentage is for meter size.
807 KAR 5:001 Section 10(3)(b)	Present and proposed rates for each customer class to which change would apply.	Enclosed as Exhibit No. 2. The comparison is provided for meter size.
807 KAR 5:001 Section 10(3)(c)	Electric, gas, water and sewer utilities - effect upon average bill for each customer class to which change will apply.	Enclosed as Exhibits No. 2 & 3. Monroe County Water District cannot show the effect for each customer – the impact is by meter size.
807 KAR 5:001 Section 10(3)(d)	Local exchange companies include effect upon average bill for each customer class for change in basic local service.	N/A – Monroe County Water District is a Water District.
807 KAR 5:001 Section 10(4)	If copy of public notice included, did it meet requirements?	Enclosed as Exhibit No. 3.

Exhibit Index

<u>Exhibit Title</u>	<u>Exhibit Number</u>
Proposed Tariff Sheets	1
Comparison – Current and Proposed Rates	2
Customer Notification	3
Written Notification of Intent	4
Monthly Operating Reports	5
CPA Statement of Depreciation	6
MCWD's 12 Months Water Usage Data (Jan – Dec 2008)	7
MCWD's Chart of Accounts	8
MCWD's Ledger Analysis (Jan 1 – Dec 31, 2008)	9
Cost-of-Service Study	10

EXHIBIT NO. 1

PROPOSED TARIFF SHEETS

FOR _____
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

Monroe County Water District
(Name of Utility)

RATES AND CHARGES

5/8-Inch Meter:

First	2,000 gallons	\$14.42 Minimum bill
Next	3,000 gallons	4.70 per 1,000 gallons
Next	5,000 gallons	4.06 per 1,000 gallons
All over	10,000 gallons	3.42 per 1,000 gallons

1-Inch Meter:

First	5,000 gallons	\$28.52 Minimum bill
Next	5,000 gallons	4.06 per 1,000 gallons
All over	10,000 gallons	3.42 per 1,000 gallons

2-Inch Meter:

First	20,000 gallons	\$83.02 Minimum bill
All over	20,000 gallons	3.42 per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY Patrick Myers _____
(Signature of Officer)

TITLE Chairman _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR _____
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

Monroe County Water District
(Name of Utility)

RATES AND CHARGES

5/8-Inch Meter:

First	2,000 gallons	\$17.16	Minimum bill
Next	3,000 gallons	5.59	per 1,000 gallons
Next	5,000 gallons	4.83	per 1,000 gallons
All over	10,000 gallons	4.07	per 1,000 gallons

1-Inch Meter:

First	5,000 gallons	\$33.93	Minimum bill
Next	5,000 gallons	4.83	per 1,000 gallons
All over	10,000 gallons	4.07	per 1,000 gallons

2-Inch Meter:

First	20,000 gallons	\$98.78	Minimum bill
All over	20,000 gallons	4.07	per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____

ISSUED BY *Patrick Myatt* _____
Month / Date / Year
(Signature of Officer)

TITLE Chairman _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR _____
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Monroe County Water District
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RATES AND CHARGES

5/8-Inch Meter:

First	2,000 gallons	\$19.92	Minimum bill
Next	3,000 gallons	6.49	per 1,000 gallons
Next	5,000 gallons	5.61	per 1,000 gallons
All over	10,000 gallons	4.72	per 1,000 gallons

1-Inch Meter:

First	5,000 gallons	\$39.39	Minimum bill
Next	5,000 gallons	5.61	per 1,000 gallons
All over	10,000 gallons	4.72	per 1,000 gallons

2-Inch Meter:

First	20,000 gallons	\$114.64	Minimum bill
All over	20,000 gallons	4.72	per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____

ISSUED BY *Patrick Meyer* _____
Month / Date / Year
(Signature of Officer)

TITLE Chairman _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

EXHIBIT NO. 2

COMPARISON
CURRENT & PROPOSED RATES

Proposed Second Annual Increase

Proposed First Annual Increase

Current Rates

5/8-Inch Meter:			
First	2,000 gallons	\$14.42	Minimum bill
Next	3,000 gallons	4.70	per 1,000 gallons
Next	5,000 gallons	4.06	per 1,000 gallons
All over	10,000 gallons	3.42	per 1,000 gallons
1-Inch Meter:			
First	5,000 gallons	\$28.52	Minimum bill
Next	5,000 gallons	4.06	per 1,000 gallons
All over	10,000 gallons	3.42	per 1,000 gallons
2-Inch Meter:			
First	20,000 gallons	\$83.02	Minimum bill
All over	20,000 gallons	3.42	per 1,000 gallons
5/8-Inch Meter:			
First	2,000 gallons	\$17.16	Minimum bill
Next	3,000 gallons	5.59	per 1,000 gallons
Next	5,000 gallons	4.83	per 1,000 gallons
All over	10,000 gallons	4.07	per 1,000 gallons
1-Inch Meter:			
First	5,000 gallons	\$33.93	Minimum bill
Next	5,000 gallons	4.83	per 1,000 gallons
All over	10,000 gallons	4.07	per 1,000 gallons
2-Inch Meter:			
First	20,000 gallons	\$98.78	Minimum bill
All over	20,000 gallons	4.07	per 1,000 gallons
5/8-Inch Meter:			
First	2,000 gallons	\$19.92	Minimum bill
Next	3,000 gallons	6.49	per 1,000 gallons
Next	5,000 gallons	5.61	per 1,000 gallons
All over	10,000 gallons	4.72	per 1,000 gallons
1-Inch Meter:			
First	5,000 gallons	\$39.39	Minimum bill
Next	5,000 gallons	5.61	per 1,000 gallons
All over	10,000 gallons	4.72	per 1,000 gallons
2-Inch Meter:			
First	20,000 gallons	\$114.64	Minimum bill
All over	20,000 gallons	4.72	per 1,000 gallons

EXHIBIT 3

CUSTOMER NOTIFICATION

NOTICE

Monroe County Water District has filed an application with the Public Service Commission to increase its rates for water service. The rates are proposed to be placed into effect in two annual stages. The proposed effective date of the first annual change is _____, 2011. The second annual stage will be exactly one-year later.

Current

5/8-Inch Meter:

First	2,000 gallons	\$14.42	Minimum bill
Next	3,000 gallons	4.70	per 1,000 gallons
Next	5,000 gallons	4.06	per 1,000 gallons
All over	10,000 gallons	3.42	per 1,000 gallons

1-Inch Meter:

First	5,000 gallons	\$28.52	Minimum bill
Next	5,000 gallons	4.06	per 1,000 gallons
All over	10,000 gallons	3.42	per 1,000 gallons

2-Inch Meter:

First	20,000 gallons	\$83.02	Minimum bill
All over	20,000 gallons	3.42	per 1,000 gallons

Proposed First Annual Increase

5/8-Inch Meter:

First	2,000 gallons	\$17.16	Minimum bill
Next	3,000 gallons	5.59	per 1,000 gallons
Next	5,000 gallons	4.83	per 1,000 gallons
All over	10,000 gallons	4.07	per 1,000 gallons

1-Inch Meter:

First	5,000 gallons	\$33.93	Minimum bill
Next	5,000 gallons	4.83	per 1,000 gallons
All over	10,000 gallons	4.07	per 1,000 gallons

2-Inch Meter:

First	20,000 gallons	\$98.78	Minimum bill
All over	20,000 gallons	4.07	per 1,000 gallons

Proposed Second Annual Increase

5/8-Inch Meter:

First	2,000 gallons	\$19.92	Minimum bill
Next	3,000 gallons	6.49	per 1,000 gallons
Next	5,000 gallons	5.61	per 1,000 gallons
All over	10,000 gallons	4.72	per 1,000 gallons

1-Inch Meter:

First	5,000 gallons	\$39.39	Minimum bill
Next	5,000 gallons	5.61	per 1,000 gallons
All over	10,000 gallons	4.72	per 1,000 gallons

2-Inch Meter:

First	20,000 gallons	\$114.64	Minimum bill
All over	20,000 gallons	4.72	per 1,000 gallons

The monthly bill for a customer using an average of 5,000 gallons per month will increase a total of \$10.87 from \$28.52 to \$39.39 or 38% with both increases (the average increase will be \$5.41 for a bill of \$33.93 for the first stage and the second stage of the rate adjustment will increase \$5.46 to the \$39.39 for the total increase of 38%).

The rates contained in this notice are the rates proposed by Monroe County Water District. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for customers other than the rates included in this notice. The District has not passed a general rate increase in approximately eleven years and has made all efforts to absorb the numerous electric rate increases, increased fuel prices and other operating expenses and supplies. These efforts were made to ensure the affordability of your water service.

Any corporation, association, body politic or person may request leave to intervene by motion within 30 days after notice of the proposed rate changes is given. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. Intervenors may obtain copies of the application and testimony by contacting Monroe County Water District at 205 Capp Harlan Road, Tompkinsville, Kentucky 42167-1838, (270) 487-8131 or the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, (502) 564-3940. A copy of the application and testimony shall be available for public inspection at the utility's offices.

Monroe County Water District

AFFIDAVIT OF PUBLICATION OF
NOTICE OF MONROE COUNTY WATER DISTRICT

I, Carolyn Jordan, hereby certify that I am the Manager of Finances of the Tompkinsville News, and that said newspaper is the newspaper having the largest bona fide circulation which is published in the City of Tompkinsville, Monroe County, Kentucky, and that said newspaper is meeting the requirements of Sections 424.110 and 424.120 of the Kentucky Revised Statutes for official publications required to be made by the Monroe County Water District.

I certify that the attached copy of a MONROE COUNTY WATER DISTRICT - GENERAL RATE is a true copy of said Notice as published in said newspaper on DECEMBER 23, 2010.

However, due to an error in publication, this notice will be repeated in our next three issues, beginning Jan. 6, 2011 with corrections made to notice heading. No newspaper will be printed on December 30, 2010, due to our office being closed for the holidays.

IN TESTIMONY WHEREOF, witness my signature this 23 of December, 2010.

TOMPKINSVILLE NEWS

By: Carolyn Jordan

Subscribed and sworn to before me on this 23rd day of December, 2010.

My commission expires: 11-19-2011

Lediana Creech
NOTARY PUBLIC

EXHIBIT 4

WRITTEN NOTIFICATION OF INTENT

Monroe County Water District

205 Capp Harlan Road
Tompkinsville, KY 42167
Phone: 270-487-8131
Fax: 270-487-0932

November 19, 2010

Mr. Jeff R. Derouen
Executive Director
KY Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

RE: Filing of a General Rate Case

Dear Mr. Derouen:

Monroe County Water District hereby notifies the Public Service Commission pursuant to 807 KAR 5:001, Section 10(2) and 807 KAR 5:011, Section 8(1) of its intention to file an application for a general adjustment of water rates, using a historical test period, no sooner than (4) weeks following your receipt of this notice. A copy of this shall be served upon the Attorney General, Utility and Rate Division.

Sincerely,



Richard O. Ross, General Manager
Monroe County Water District

cc: Attorney General, Utility and Rate Division

EXHIBIT 5

**MONROE COUNTY WATER DISTRICT'S
MONTHLY OPERATING REPORTS**