

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE  
COMMISSION

In the Matter of:

APPLICATION OF ELKHORN WATER DISTRICT ) CASE NO.  
FOR ALTERNATIVE RATE ADJUSTMENT ) 2011-00083

**Response of Elkhorn Water District to Staff Report And Order  
And Request For Informal Conference**

Elkhorn Water District ("EWD"), by counsel, hereby tenders its response to the Commission's Order of October 20, 2011.

1. The Order provides that EWD may request an informal conference. EWD believes that such a conference would be beneficial and prudent. Therefore, EWD does hereby request that an informal conference be held, and states that it intends to have its accountant present to assist with the discussion. There are items in the Report for which EWD does not have sufficient information to form an objection or concur in the findings or entries. An informal conference will allow the opportunity for EWD to better understand the basis for the Report.

2. EWD does not specifically concur in the full narrative of the report regarding the gathering of information and review, but EWD does acknowledge that there were difficulties with its software that hindered the providing of information that was requested. An informal conference will assist EWD in assessing how it should proceed to ensure that appropriate information is supplied in support of any future review of the appropriateness of a rate increase.

3. EWD contends that reconsideration of the data regarding water purchased and sold is appropriate. It has come to the attention of EWD that the Staff was not supplied with information regarding significant amounts of water lost during transmission due to line breaks that were identified and repaired. This information is relative to a significant issue identified during the review of the Staff Report. EWD will be prepared to address this issue at the time of the informal conference.

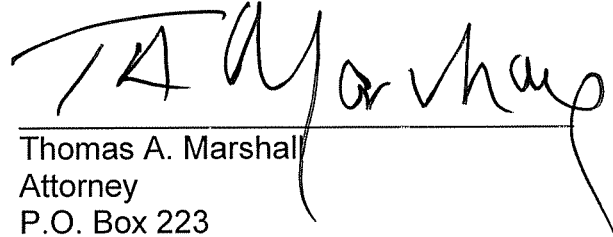
4. EWD is without sufficient information regarding the methodology and data used to prepare the Report, and is thus unable to object or accept portions of the Report, including that portion of Attachment B labeled as "A. Normalized Operating Expenses." Until there is an opportunity to gain more information, EWD should not be required to object or be deemed to be in agreement. If an objection is required in order to preserve issues for consideration, then EWD objects to the content and formulation of the normalization of operating revenues.

5. EWD is concerned as to whether the appropriate rates were used in formulating the billing analysis. If 2011 rates were used instead of 2010 rates, EWD questions whether the billing analysis should be amended.

Therefore, EWD asks that this matter not be submitted to the Commission for final order until after an informal conference and a brief time for EWD to determine how to proceed. Until there is the opportunity to more fully understand and confirm the basis for the findings of the Staff Report, EWD does not have sufficient basis to accept those findings or to adequately and specifically state all

appropriate objections. EWD appreciates the time and effort of Staff in this matter, and expects that an informal conference will resolve the uncertainties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "T A Marshall". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

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