

February 9, 2012

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

Re: Milburn Water District ARF Rate Case No. 2011-00425

Dear Mr. Derouen,

The Public Service Commission issued its Staff Report Order on February 1, 2011 recommending approval of the new monthly water rates proposed by Milburn Water District. Milburn agrees with the Staff's findings, conclusions, and recommendations and does not request a formal hearing in this matter. In addition, Milburn has very little cash, and therefore respectfully requests that the Commission approve the recommended rates as soon as possible, and hopefully by the end of Milburn's next billing cycle at the end of this month.

The Staff Report at Appendix B, Page 2 also recommended that Milburn cease contracts with its commissioners performing contract labor services, as it might create a conflict of interest. To resolve this issue, Milburn's commissioners have discussed the matter and have decided that Commissioner Glynn Goldsmith will resign as a Milburn commissioner effective immediately. Mr. Goldsmith is a Class 1 Water Distribution System Operator, and will continue in this capacity for Milburn. In addition, the other two commissioners will immediately discontinue working for Milburn.

Finally, Milburn Water District appreciates the Staff's professionalism in its expeditious handling of our urgent rate increase request. Please let us know if any further information is needed.

Sincerely,



Mark Vaden, Chairman
Milburn Water District

Financial Services
1861 County Road 1129
Arlington, Ky 42021

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