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COMMISSION

Airview Utilities, LLC
P.O. Box 91588
Louisville, KY 40291

502-241-4809
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November 6, 2014

Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, KY 40602

Re: Airview Utilities LLC Case No. 2014-00215

Dear Sirs:

Attached please find copies of Airview's response to a conversation with PSC Staff concerning the above-referenced case. On October 31, 2014, I had a phone call with George Wakim of the PSC's Engineering Department, and this letter is in response to that call.

Mr. Wakim requested information relative to the repair of a Winsmith collector gear drive located in the secondary clarifier at the Airview treatment plant. The gear drive is original equipment in a 40-year old plant, and the total repair cost of \$4,785 consisted of \$3,785 for machine shop repair and \$1,000 for labor to remove the gear drive for repair and reinstall it. This particular gear drive also needed repairs only a few years before the \$4,785 charge was incurred.


Since this \$4,785 charge will not recur annually, I believe it is appropriate in this rate case to amortize it over three years, or \$1,595 per year. This is a judgment call on the part of the PSC, but Airview needs increased cash flow to properly maintain the 40-year old plant. When these plants were originally built, they were designed to last around 20 years, or until they could be tied into a municipal sewer system. In Airview's case, nearby sewer systems have rejected our attempts to transfer the Airview system to them, so repair bills can only be expected to increase into the future.

During the phone call, Staff discussed the possibility of a 20-year amortization for this repair, which would allow recovery of only \$239.25 annually. Such an extended recovery period is almost like no recovery at all, and the entire

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treatment plant cannot be expected to last another 20 years. Therefore, given Airview's critical need for cash flow improvement to fund increasing repair needs, we respectfully request a three-year recovery for this item.

Sincerely,

A handwritten signature in black ink that reads "L. W. Smither, member". The signature is written in a cursive style with a horizontal line underlining the name.

Lawrence Smither, Member
Airview Utilities, LLC