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January 22, 2008

Mr. John Blackford
1458 Hunters Ferry Road
Nicholasville, Kentucky 40356

Re: Jessamine-South Elkhorn Water District

Dear Mr. Blackford:

Commission Staff acknowledges your letter of December 17, 2007 in which you question the continued assessment of a surcharge that the Commission approved in Case No. 99-287.

In Case No. 99-287, the Commission approved the assessment of a monthly surcharge of \$6.50 to finance the construction of a waterworks improvement project. The Commission acted pursuant to KRS 278.023 that requires the Commission to issue all orders necessary to implement the terms of any agreement between a water district and the United States Department of Agriculture. Assessment of the monthly surcharge was a condition to Jessamine-South Elkhorn Water District obtaining funding to finance the construction of the waterworks improvement project. A copy of the Commission's Order of August 29, 1999 and KRS 278.023 are enclosed for your reference.

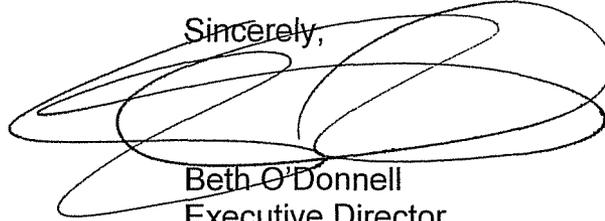
Commission Staff's review of the Commission's records does not indicate that Jessamine-South Elkhorn Water District requested the proposed surcharge pursuant to KRS 74.395 or that the Commission imposed any restrictions upon the period in which the surcharge could be assessed. Since the issuance of the Order of August 29, 1999, the Commission has not taken any action to revise Jessamine-South Elkhorn Water District's rates nor has the water district taken any action to revise its rates.

Accordingly, Commission Staff is of the opinion that Jessamine-South Elkhorn Water District is properly charging the monthly surcharge of \$6.50 and is presently under no legal obligation to discontinue the assessment of that surcharge. Please note that the water district may apply for an adjustment of rates that includes the cessation of the monthly surcharge. Such action, however, would likely require the consent of Rural Development – the agency of the United States Department of Agriculture with whom the water district entered an agreement for financing of its waterworks improvement project.

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This letter represents Commission Staff's interpretation of the law as applied to the facts presented. This opinion is advisory in nature and not binding on the Commission should the issues herein be formally presented for Commission resolution. Questions concerning this opinion should be directed to Gerald Wuetcher, Assistant General Counsel, at (502) 564-3940, Extension 259.

Sincerely,

A handwritten signature in black ink, consisting of several overlapping loops and curves, positioned above the printed name.

Beth O'Donnell
Executive Director

Enclosures

cc: Bruce E. Smith, Esq.