

Original

In the Matter of:

THE APPLICATION OF AUXIER WATER)
CO., FLOYD COUNTY, KENTUCKY FOR)
AUTHORIZATION OF ITS PROPOSED SALE)
AND CONVEYANCE OF ALL OF ITS WATER)
DISTRIBUTION SYSTEM AND CUSTOMER)
DEPOSITS TO THE CITY OF PRESTONSBURG,)
KENTUCKY)

CASE NO.
2007-00488

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**PUBLIC SERVICE
COMMISSION**

**PRESTONSBURG'S SUPPLEMENTAL RESPONSE
TO COMMISSION STAFF'S
FIRST DATA REQUEST**

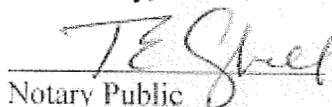
****CERTIFICATION****

The undersigned, David M. Ellis, being first duly sworn, state that he is the Superintendent of Prestonsburg City's Utilities Commission (herein after "Prestonsburg"), and certifies that he supervised the preparation of the following supplemental responses to First Data Request of the Commission Staff and that they are true and accurate to the best of his knowledge, information and belief formed after a reasonable inquiry.



David M. Ellis, Superintendent

Subscribed and sworn to before me, this 20th day of February, 2008



Notary Public

My Commission expires on: September 26, 2009

**PRESTONSBURG'S SUPPLEMENTAL RESPONSE TO COMMISSION
STAFF'S FIRST DATA REQUEST**

Comes Prestonsburg, by counsel, and for its Supplemental Response to the Commission Staff's First Data Request in the above-captioned matter, states that it is supplementing its response to only Request Number 5 and therefore, will only repeat Request Number 5 herein.

5. The Acquisition Contract states that the future accrual of interest on Auxier's customer deposits will conform to, "[w]hatever policies and practices the City has established."

a. Describe the policies and practices Prestonsburg has regarding the accrual and payment of interest on customer deposits.

RESPONSE: Below is a description of Prestonsburg's "unwritten" policy regarding customer deposits.

Commercial Customers	\$ 200.00
Residential Customers (Water Only)	\$ 100.00
Residential Customers (Water & Sewer)	\$ 150.00

Deposits are required only from customers renting properties whether they are residential or commercial.

No interest is paid to customers on their respective deposits.

Deposits are maintained in a separate bank account and accounted for in a separate general ledger account. A bank to book reconciliation is performed monthly by the PCUC staff.

Deposits are not refunded at the end of any stated period of time. The purpose of a deposit is simply a "safeguard" measure. In other words the deposit is utilized to offset any potential loss of, at the very least, one month of revenue in the event a customer moves owing the Commission.

Deposits are held indefinitely or until a customer signs a disconnect notice. Once the disconnect notice is signed the Commission's Customer Service Representative (CSR) will make the determination as to a full deposit refund being issued to the customer or a deposit refund net of the customer's last utility service bill.

WITNESS: David M. Ellis

b. Describe the differences between Prestonsburg's policies regarding interest on customer deposits with the requirements contained in the Commission regulations.

RESPONSE: Prestonsburg does not pay interest on deposits.

WITNESS: David M. Ellis

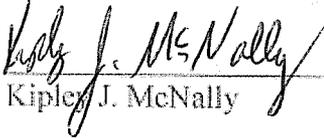
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Counsel for Prestonsburg City's
Utilities Commission

Date submitted: February 21st, 2008

CERTIFICATE OF SERVICE

I hereby certify that the foregoing has been served by electronic mail on Bruce F. Clark, Esq., Stites & Harbison, PLLC, 421 West Main Street, Frankfort, Kentucky 40601, on the 21st day of February, 2008.


Kipley J. McNally