COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTHERN WATER AND) SEWER DISTRICT FOR AN ADJUSTMENT IN) CASE NO. 2012-00309 RATES PURSUANT TO THE ALTERNATIVE RATE) FILING PROCEDURE FOR SMALL UTILITIES)

ORDER

The Commission, on its own motion, HEREBY ORDERS that:

1. The record in this proceeding shall remain open for 20 days from the date of this Order to permit the parties to submit written comments on and objections to the findings set forth in the Commission Staff's Report of February 15, 2013.

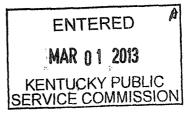
- 2. A party's failure to object to any finding set forth in the Commission Staff Report shall be deemed as agreement with that finding.
- 3. Any party desiring a hearing in this matter shall file with the Commission a written request for such hearing within 20 days of the date of this Order.

4. The parties are placed on notice that in reaching a final decision in this matter, the Commission will consider the issues set forth in the Appendix to this Order.

5. Any party wishing to submit comments or a memorandum on one or more of the issues set forth in the Appendix to this Order shall file with the Commission such comments or memorandum within 20 days of the date of this Order.

6. Any party wishing oral arguments on one or more of the issues set forth in the Appendix to this Order shall file with the Commission a request for oral argument within 20 days of the date of this Order. 7. If no request for hearing or for oral arguments is filed with the Commission within 20 days of the date of this Order, this matter shall stand submitted for decision.

By the Commission



ATTEST:

Carry D. Drunwell for Executive Director

Case No. 2012-00309

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2012-00309 DATED MAR 0 1 2013

1. Does Southern Water and Sewer District ("Southern District") have any legal obligation to assist Floyd County Fiscal Court in making the 2005 Lease Agreement payments in the absence of a written agreement between Southern District and Floyd County Fiscal Court requiring such assistance?

2. If Southern District has no legal obligation to assist Floyd County Fiscal Court in meeting its obligations under the 2005 Lease Agreement, are Southern District's voluntary payments to assist Floyd County Fiscal Court in meeting its obligations under the 2005 Lease Agreement lawful?

3. If Southern District has no legal obligation to assist Floyd County Fiscal Court to meet its obligations under the 2005 Lease Agreement, may Southern District's voluntary payments to assist Floyd County Fiscal Court in meeting its obligations under the 2005 Lease Agreement be recovered through rates for water service?

4. Under what circumstances, if any, may Southern District recover through its rates for water service its present payments to assist Floyd County Fiscal Court in meeting its obligations under the 2005 Lease Agreement?

Hubert Halbert Chairman Southern Water & Sewer District 245 Kentucky Route 680 P. O. Box 610 McDowell, KY 41647

Honorable David Edward Spenard Assistant Attorney General Office of the Attorney General Utility & Rate 1024 Capital Center Drive Suite 200 Frankfort, KENTUCKY 40601-8204