



FRANCIS WATER COMPANY

P.O. Box 38
Garrett, Ky. 41630

RECEIVED

JUN 13 2005

PUBLIC SERVICE
COMMISSION

June 10, 2005

Ms. Beth O'donnell
Executive Director
Frankfort, KY. 40602

Ms. Beth O'donnell:

Francis Water Co. would like to reply to the Commissioner's Order on case No. 2004-00338 that required Francis Water to investigate purchasing water from a Regional Water Supplier. We would like to enclose in this case 29 pages of violations from the Department of Environmental Protection Agency that was issued to Southern Water and Sewer District. Southern Water is unable to pass many essential tests that could cause harm to the consumers which include: Total Organic Carbons (TOC) and Total Trihalomethanes (TTHMs) and many others. With the 29 pages of water sample violations and loss of Revenue for our water utility it would be totally wrong and impractical to even consider using Southern Water as a regional water supply for us.

Also, Pruitt and deBourbon Attorneys at Law, and Darrell Madden, Certified Public Accountant will submit a report to the P.S.C. for Francis Water Company on the feasibility of purchasing water from a regional water supplier (Southern Water).

Sincerely,

Francis Water Co.

Francis Water Company



ERNE FLETCHER
GOVERNOR

ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
14 REILLY ROAD
FRANKFORT, KENTUCKY 40601-1190
www.kentucky.gov
September 16, 2004

LAJUANA S. WILCHER
SECRETARY

Certified No. 7002 2410 0004 1520 4882
Return Receipt Requested

Southern Water & Sewer District
245 KY 680
PO Box 610
McDowell, KY 41647

Re: Notice of Violation
AI ID: 1318
AI Name: Southern Water & Sewer District
Activity ID: ENV20040002
Permit No. PWSID 0360026
Floyd County, KY

Dear Sir:

The Kentucky Department for Environmental Protection has issued the enclosed Notice of Violation for violations discovered at your facility. Please review this Notice of Violation carefully to ensure that all remedial measures are completed by the specified deadlines.

Failure to comply with all remedial measures could result in enforcement action and the assessment of penalties. Your cooperation and attention to this matter is appreciated. If you have any questions, please contact Ms. Maxine Goebel of my staff at (502) 564-3410.

Sincerely,

Mark J. Cleland, M.P.A., R.E.H.S.
Environmental Enforcement Specialist III
Division of Enforcement

Enclosure





ERNE FLETCHER
GOVERNOR

ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

LAJUANA S. WILCHER
SECRETARY

DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
14 REILLY ROAD
FRANKFORT, KENTUCKY 40601-1180
www.kentucky.gov

August 30, 2004

Certified No. 7002 2410 0004 1520 4141
Return Receipt Requested

Southern Water & Sewer District
245 KY 680
PO Box 610
McDowell, KY 41647

Re: Notice of Violation
AIID: 1318
AI Name: Southern Water & Sewer District
Activity ID: ENV20040001
Permit No. PWSID 0360026
Floyd County, KY

Dear Sir:

The Kentucky Department for Environmental Protection (DEP) has issued the enclosed Notice of Violation for violations discovered at your facility. Please review this Notice of Violation carefully to ensure that all remedial measures are completed by the specified deadlines.

Failure to comply with all remedial measures could result in enforcement action and the assessment of penalties. Your cooperation and attention to this matter is appreciated. If you have any questions, please contact Ms. Maxine Goebel of my staff at (502) 564-3410.

Sincerely,

Mark J. Cleland, M.P.A., R.E.H.S.
Environmental Enforcement Specialist III
Division of Enforcement
Department for Environmental Protection

Enclosure



COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL & PUBLIC PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
Division of Enforcement

NOTICE OF VIOLATION

To:
Southern Water & Sewer District
245 KY 680
PO Box 610
McDowell, KY 41647

AI Name: Southern Water & Sewer District AI ID: 1318 Activity ID: ENV20040001
County: Floyd PWSID 0360026
Enforcement Case ID:
Date(s) Violation(s) Observed: 08/27/2004

This is to advise that you are in violation of the provisions cited below:

- 1 Violation Description for Subject Item AIO00000013180:
Additional Limitations: Water systems are subject to the requirements of 401 KAR Chapter 8. [401 KAR 8:020 Section 1(1)]

Description of Non Compliance:
401 KAR 8:510 The public water system failed to submit analytical results for the disinfectant by-product Total Trihalomethanes April - June 2004. This is a Tier 3 violation. Violation ID 64961

The required remedial measure(s), and date(s) to be completed by are as follows:
Southern Water & Sewer District shall submit report(s): Due 9/15/2004. Submit the omitted analytical results for Total Trihalomethanes, if available, for April - June 2004. [401 KAR 8:510]

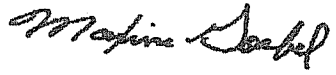
Southern Water & Sewer District shall submit notification: Due 6/1/2005. Perform public notification for the above-mentioned violation in accordance with 40 CFR 141, Subpart Q (40 CFR 141.201 - 141.210). The public notification must not contain language that contradicts or detracts from the standard mandatory language or the purpose of the notice. Submit proof of public notification and its certification within ten (10) days of executing public notification. [40 CFR 141]

Violations of the above cited statute(s) and/or regulation(s) are subject to a civil penalty per day per violation. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

If you have questions or need further information, write or call the undersigned:

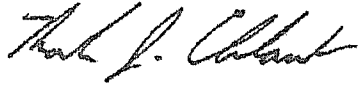
Department for Environmental Protection
Division of Enforcement
14 Reilly Road
Frankfort, KY 40601
502-564-3410 (7:30 AM - 4:00 PM)
Maxine Goebel, Environmental Enforcement Specialist II

AI: Southern Water & Sewer District - 1318



Issued By:

Maxine Goebel, Environmental Enforcement Specialist II
Date: August 30, 2004



Issued By:

Mark J. Cleland, M.P.A., R.E.H.S., Environmental Enforcement Specialist III
Date: August 30, 2004

How Delivered: Certified/Registered # 7002 2410 0004 1520 4141

HENRY C. LIST
SECRETARY



PAUL E. PATTON
GOVERNOR

COMMONWEALTH OF KENTUCKY
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
FRANKFORT OFFICE PARK
14 REILLY RD
FRANKFORT KY 40601

August 27, 2003

Bob Meyer
Southern Water & Sewer Dist
P O Box 610
McDowell, Ky 41647

RE: PWSID# 0360026
NOV 11493 ENF# 03529

Dear Madam:

The Notice of Violation issued July 22, 2003 for failure to public notify as a consecutive system for the TTHM violation from City of Pikeville will stand.

The letter dated August 20, 2003, indicated that a public notification for Southern Water & Sewer Dist violation was mailed to all customers, however, as a consecutive system of Pikeville was left off of this public notification. Steps have been taken to assure this will not happen again. The Division of Water will allow the additional public notification for this violation to be waived.

If you have further questions regarding this matter, please contact me. I can be reached at 502/564-3410, extension 580. I am also available via email at maxine.goebel@main.state.ky.us or by fax at 502/564-5105.

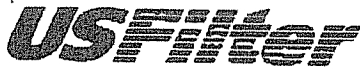
Sincerely,

Maxine Goebel, Enforcement Officer
Division of Water
Enforcement Branch

C: Enforcement Branch
Drinking Water Branch Files
Hazard Regional Office
Todd Ritter



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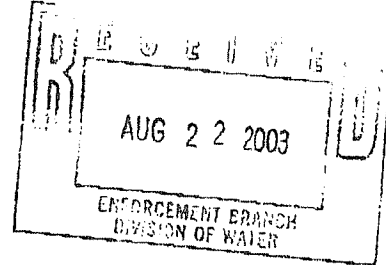


245 KY RT 680
P.O. BOX 610
MCDOWELL, KY 41647

0360026
TELEPHONE 606-377-9296
FACSIMILE 606-377-9286
www.usfilter.com

August 20, 2003

Maxine Goebel
Division of Water
Enforcement Branch
14 Reilly Road
Frankfort, Kentucky 40601



Re: Southern Water & Sewer District
Notice of Violation
Enforcement Case # 03529
PWSID #0360026

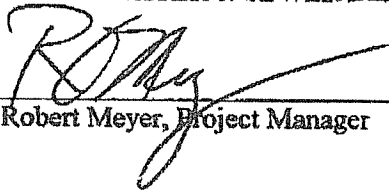
Dear Ms. Goebel:

The above referenced NOV is in regard to public notification required by Southern Water & Sewer District for a TTHM violation issued to the City of Pikeville (0980350). For the same time period (April 2000 – March 2003), Southern Water & Sewer District received a similar notice for a TTHM violation. All of Southern Water's customers were notified of the violation pursuant to public notification rules including those customers in the Mud Creek area who are served with water purchased from the City of Pikeville. However, we inadvertently failed to identify the specific TTHM levels for Pikeville in that notice. Any future notices will contain that information.

Please let me know if you need any further clarification.

Sincerely,

SOUTHERN WATER & SEWER DISTRICT


By: Robert Meyer, Project Manager

COMMONWEALTH OF KENTUCKY
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER

NOTICE OF VIOLATION

TO:
SOUTHERN WATER & SEWER DISTRICT
PO BOX 610
MCDOWELL KY 41647
Attn: BOB MEYER

SITE:
SOUTHERN WATER & SEWER DIST
245 KY RT 680
MCDOWELL KY 41647

Site ID #: 0360026
County: Floyd
Notifications/Complaints System #:
NOV Tracking #: 11493

Date(s) Violation(s) Observed: 07/22/2003

OIG Case #:
Enforcement Case #: 03529

This is to advise that you are in violation of the provisions cited below:

Statute/Regulation(No. 1): KRS 146

A description of the violation:

Failure to submit proof of public notification and certification for the April 2002-March 2003 Total Trihalomethane violation from 0980350 Pikeville Water Department. You had thirty days from June 10, 2003 when Pikeville Water Department notified your system.

The required remedial measure(s), and date(s) to be completed by; are as follows:

Perform public notification for the above-mentioned violation in accordance with 40 CFR 141, Subpart Q (40 CFR 141.201 - 141.210). The public notification must not contain language that contradicts or detracts from the standard mandatory language or the purpose of the notice. Submit proof of public notification and its certification within ten (10) days of executing public notification. To be completed by: 08/22/2003

Violations of the above cited statute(s) and/or regulation(s) are subject to a civil penalty per day per violation. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

If you have questions or need further information, write or call the undersigned:

Division Of Water
Central Office
Enforcement Branch
14 Reilly Road
Frankfort, Ky 40601
502 564-3410 EXT 580 (7:30 AM - 4:00 PM)
Maxine Goebel, Environmental Technologist

Issued By: Maxine Goebel Date: 07/22/2003

Issued By: Teresa L Clements Date: 07/22/2003
Teresa L Clements Environmental Control Supervisor

How Delivered: Certified Mail Certified #: 7002 2030 0002 3578 9406

cc: Enforcement Branch
Drinking Water Branch
Hazard Regional Office
Todd Ritter

+

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ERNIE FLSCHER
GOVERNOR



LAJUANA S. WILCHER
SECRETARY

COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
FRANKFORT OFFICE PARK
14 REILLY RD
FRANKFORT, KY 40601

April 14, 2005

Certified No. 7004 2510 0001 4724 8700
Return Receipt Requested

Southern Water & Sewer District
Attn: Bob Meyer
P O Box 610
McDowell, KY 41647

Re: Notice of Violation
AI ID: 1318
AI Name: Southern Water & Sewer District
Activity ID: ENV20050001
Facility No. PWSID 0360026
Floyd County, KY

Dear Sir:

The Kentucky Department for Environmental Protection (DEP) has issued the enclosed Notice of Violation for violations discovered at your facility. Please review this Notice of Violation carefully to ensure that all remedial measures are completed by the specified deadlines.

Failure to comply with all remedial measures could result in enforcement action and the assessment of penalties. Your cooperation and attention to this matter is appreciated. If you have any questions, please contact Ms. Maxine Goebel of my staff at (502) 564-2150 at extension 580.

Sincerely,

Mark J. Cleland, M.P.A., R.E.H.S.
Environmental Enforcement Specialist III
Division of Enforcement

C: Div of Enforcement Files
Drinking Water Branch



COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL & PUBLIC PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
Division of Enforcement

NOTICE OF VIOLATION

To:
Southern Water & Sewer District
Attn: Bob Meyer
245 KY 680
P O Box 610
McDowell, KY 41647

AI Name: Southern Water & Sewer District AI ID: 1318 Activity ID: ENV20050001
County: Floyd PWSID 0360026
Enforcement Case ID:
Date(s) Violation(s) Observed: 04/12/2005

This is to advise that you are in violation of the provisions cited below:

I Violation Description for Subject Item AIO0000001318Q:
Additional Limitations: Water systems are subject to the requirements of 401 KAR Chapter 8. [401 KAR 8:020 Section 1(1)]

Description of Non Compliance:
401 KAR 8:250 The public water system failed to submit analytical results for asbestos for 2002-2004 (first 3 years of 9 year window). This is a Tier 3 violation. Violation ID 99507

The required remedial measure(s), and date(s) to be completed by are as follows:
Southern Water & Sewer District shall submit report(s): Due 4/26/2005. Submit the analytical results for asbestos, if available, for 2002-2004. [401 KAR 8:250]

Southern Water & Sewer District shall submit notification: Due 4/12/2006. Perform public notification for the above-mentioned violation in accordance with 401 KAR 8:070. The public notification must not contain language that contradicts or detracts from the standard mandatory language or the purpose of the notice. Submit proof of public notification and its certification within ten (10) days of executing public notification. [401 KAR 8:070]

Violations of the above cited statute(s) and/or regulation(s) are subject to a civil penalty per day per violation. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

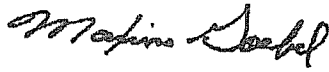
If you have questions or need further information, write or call the undersigned:

ALL DOCUMENTATION MUST BE SUBMITTED TO:

Department for Environmental Protection
Division of Enforcement
14 Reilly Road
Frankfort, KY 40601
502-564-2150 ext 580 (7:30 AM - 4:00 PM)

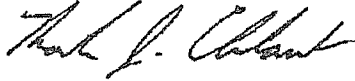
AI: Southern Water & Sewer Distr. - 1318

Maxine Goebel, Environmental Enforcement Specialist II



Issued By:

Maxine Goebel, Environmental Enforcement Specialist II
Date: April 14, 2005



Issued By:

Mark J. Cleland, M.P.A., R.E.H.S., Environmental Enforcement Specialist
Date: April 14, 2005

How Delivered: Certified/Registered # 7004 2510 0001 4724 8700

HENRY C. LIST
SECRETARY



PAUL E. PATTON
GOVERNOR

COMMONWEALTH OF KENTUCKY
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
FRANKFORT OFFICE PARK
14 REILLY RD
FRANKFORT KY 40601

July 22, 2003

Certified No. 7002 2030 0002 3578 9406
Return Receipt Requested

Bob Meyer
P O Box 610
McDowell, Ky 41647

Southern Water & Sewer Dist
Floyd County, Kentucky
Case No. DOW 03529
(NOV # 11493)
PWSID No. 0360026

Dear Sir:

Southern Water & Sewer Dist is in violation of KRS 224, 401 KAR Chapter 8, as referenced in the attached Notice of Violation.

Information concerning the content requirements for the Public Notification rule, which went into effect May 1, 2002, may be found on the Drinking Water Branch's website, <http://water.nr.state.ky.us/dw/>. The EPA guideline sheet is under news for the professional. Templates and additional information is also available through the Federal EPA website (<http://www.epa.gov/safewater/pn.html>).

In order to avoid further enforcement action, comply with the remedial measures set forth in the attached Notice of Violation. Failure to comply subjects your system to penalties as specified in KRS 224. Your cooperation and assistance in this matter is appreciated. If you have any questions, please contact Maxine Goebel, (Environmental Technologist), at (502) 564-3410, ext. 580.

Sincerely,

Teresa L. Clements,
Environmental Control Supervisor
Enforcement Branch
Division of Water

TLC/mg
Enclosure

c: Enforcement Branch Files
Drinking Water Branch Files
Hazard Regional Office
Todd Ritter



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COMMONWEALTH OF KENTUCKY
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER

NOTICE OF VIOLATION

TO:
SOUTHERN WATER & SEWER DISTRICT
PO BOX 610
MCDOWELL KY 41647
Attn: BOB MEYER

SITE:
SOUTHERN WATER & SEWER DIST
245 KY RT 680
MCDOWELL KY 41647

Site ID #: 0360026
County: Floyd
Notifications/Complaints System #:
NOV Tracking #: 11493

Date(s) Violation(s) Observed: 07/22/2003
OIG Case #:
Enforcement Case #: 03529

This is to advise that you are in violation of the provisions cited below:

Statute/Regulation(No. 1): KRS 146

A description of the violation:

Failure to submit proof of public notification and certification for the April 2002-March 2003 Total Trihalomethane violation from 0980350 Pikeville Water Department.
You had thirty days from June 10, 2003 when Pikeville Water Department notified your system.

The required remedial measure(s), and date(s) to be completed by; are as follows:

Perform public notification for the above-mentioned violation in accordance with 40 CFR 141, Subpart Q (40 CFR 141.201 - 141.210). The public notification must not contain language that contradicts or detracts from the standard mandatory language or the purpose of the notice. Submit proof of public notification and its certification within ten (10) days of executing public notification. To be completed by: 08/22/2003

Violations of the above cited statute(s) and/or regulation(s) are subject to a civil penalty per day per violation. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

If you have questions or need further information, write or call the undersigned:

Division Of Water
Central Office
Enforcement Branch
14 Reilly Road
Frankfort, Ky 40601
502 564-3410 EXT 580 (7:30 AM - 4:00 PM)
Maxine Goebel, Environmental Technologist

Issued By: Maxine Goebel Date: 07/22/2003

Issued By: Teresa L. Clements Date: 07/22/2003
Teresa L. Clements Environmental Control Supervisor

How Delivered: Certified Mail Certified #: 7002 2030 0002 3578 9406

cc: Enforcement Branch
Drinking Water Branch
Hazard Regional Office
Todd Ritter

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HENRY C. LIST
SECRETARY



PAUL E. PATTON
GOVERNOR

COMMONWEALTH OF KENTUCKY
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
FRANKFORT OFFICE PARK
14 REILLY RD
FRANKFORT KY 40601

July 21, 2003

Certified No. 7002 2030 0002 3578 9192
Return Receipt Requested

Bob Meyer
P O Box 610
McDowell, Ky 41647

Southern Water & Sewer Dist
Floyd County, Kentucky
Case No. DOW 03510
(NOV #11328)
PWSID No. 0360026

Dear Sir:

Southern Water & Sewer Dist is in violation of KRS 224, 401 KAR Chapter 8, as referenced in the attached Notice of Violation.

Information concerning the content requirements for the Public Notification rule, which went into effect May 1, 2002, may be found on the Drinking Water Branch's website, <http://water.nr.state.ky.us/dw/>. The EPA guideline sheet is under news for the professional. Templates and additional information is also available through the Federal EPA website (<http://www.epa.gov/safewater/pn.html>).

In order to avoid further enforcement action, comply with the remedial measures set forth in the attached Notice of Violation. Failure to comply subjects your system to penalties as specified in KRS 224. Your cooperation and assistance in this matter is appreciated. If you have any questions, please contact Maxine Goebel, (Environmental Technologist), at (502) 564-3410, ext. 580.

Sincerely,

Teresa L. Clements,
Environmental Control Supervisor
Enforcement Branch
Division of Water

TLC/mg
Enclosure

c: Enforcement Branch Files
Drinking Water Branch Files
Hazard Regional Office
Todd Ritter



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COMMONWEALTH OF KENTUCKY
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER

NOTICE OF VIOLATION

TO:
SOUTHERN WATER & SEWER DISTRICT
PO BOX 610
MCDOWELL KY 41647
Attn: BOB MEYER

SITE:
SOUTHERN WATER & SEWER DIST
245 KY RT 680
MCDOWELL KY 41647

Site ID #: 0360026
County: Floyd
Notifications/Complaints System #:
NOV Tracking #: 11328

Date(s) Violation(s) Observed: 07/10/2003

OIG Case #:
Enforcement Case #: 03510

This is to advise that you are in violation of the provisions cited below:

Statute/Regulation(No. 1): KRS 224 401 KAR 8:510

A description of the violation:

The public water system failed to meet the treatment technique for total organic carbon (TOC) JULY 2002 - JUNE 2003. The treatment technique ratio for TOC is 1.00. The system reported a ratio of 0.94 for JULY 2002 - 2003. This is a Tier 2 violation.

The required remedial measure(s), and date(s) to be completed by; are as follows:

Perform public notification for the above-mentioned violation in accordance with 40 CFR 141, Subpart Q (40 CFR 141.201 - 141.210). The public notification must not contain language that contradicts or detracts from the standard mandatory language or the purpose of the notice. Submit proof of public notification and its certification within ten (10) days of executing public notification. To be completed by: 08/21/2003

Submit a plan to meet the TOC's ratio of 1.00 or above.

To be completed by: 08/21/2003

Implement plan as accepted by the Division of Water.

To be completed by: 08/21/2004

Violations of the above cited statute(s) and/or regulation(s) are subject to a civil penalty per day per violation. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

If you have questions or need further information, write or call the undersigned:

Division Of Water
Central Office
Enforcement Branch
14 Reilly Road
Frankfort, Ky 40601
502 564-3410 EXT 580 (7:30 AM - 4:00 PM)
Maxine Goebel, Environmental Technologist

Issued By: Maxine Goebel Date: 07/21/2003

Issued By: Teresa L. Clements Date: 07/21/2003

Teresa L. Clements Environmental Control Supervisor

How Delivered: Certified Mail Certified #: 7002 2030 0002 3578 9192

cc: Enforcement Branch

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BOB MEYER -- Page 2

Drinking Water Branch
Hazard Regional Office
Todd Ritter

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DEP 4025

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HENRY C. LIST
SECRETARY



PAUL E. PATTON
GOVERNOR

COMMONWEALTH OF KENTUCKY
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
FRANKFORT OFFICE PARK
14 REILLY RD
FRANKFORT KY 40601

May 13, 2003

Certified No.7099 3220 0008 0356 9250
Return Receipt Requested

Bob Meyer
P O Box 610
McDowell, Ky 41647

Re: Southern Water & Sewer District
Floyd County, Kentucky
Case No. DOW 03335
(NOV #10307)
PWSID No. 0360026

Dear Mr Meyer:

Southern Water & Sewer District is in violation of KRS 224, 401 KAR Chapter 8, as referenced in the attached Notice of Violation.

Information concerning the content requirements for the Public Notification rule, which went into effect May 1, 2002, may be found on the Drinking Water Branch's website, <http://water.nr.state.ky.us/dw/>. The EPA guideline sheet is under news for the professional. Templates and additional information is also available through the Federal EPA website (<http://www.epa.gov/safewater/pn.html>).

In order to avoid further enforcement action, comply with the remedial measures set forth in the attached Notice of Violation. Failure to comply subjects your system to penalties as specified in KRS 224. Your cooperation and assistance in this matter is appreciated. If you have any questions, please contact Maxine Goebel, (Environmental Technologist), at (502) 564-3410, ext. 580.

Sincerely,

Teresa L. Clements,
Environmental Control Supervisor
Enforcement Branch
Division of Water

TLC/mg
Enclosure

c: Enforcement Branch Files
Drinking Water Branch Files
Hazard Regional Office



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COMMONWEALTH OF KENTUCKY
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER

NOTICE OF VIOLATION

TO:
SOUTHERN WATER & SEWER DISTRICT
PO BOX 610
MCDOWELL KY 41647
Attn: BOB MEYER

SITE:
SOUTHERN WATER & SEWER DIST
245 KY RT 680
MCDOWELL KY 41647

Site ID #: 0360026
County: Floyd
Notifications/Complaints System #:
NOV Tracking #: 10307

Date(s) Violation(s) Observed: 04/10/2003
OIG Case #:
Enforcement Case #: 03335

This is to advise that you are in violation of the provisions cited below:

Statute/Regulation(No. 1): KRS 224 401 KAR 8:510

A description of the violation:

The public water system exceeded the maximum contaminant level (MCL) for the disinfectant by-product total trihalomethanes April 2002 - March 2003. The MCL for total trihalomethanes is 0.080 mg/l. The system reported 0.081 mg/l for April 2002 - March 2003. This is a Tier 2 violation.

The required remedial measure(s), and date(s) to be completed by, are as follows:

Submit a plan for approval to bring TTHM's results below MCL of 0.080 mg/l. To be completed by: 06/12/2003
Implement plan as accepted by the Division of Water. To be completed by: 04/10/2004
Perform public notification for the above-mentioned violation in accordance with 40 CFR 141, Subpart Q (40 CFR 141.201 - 141.210). The public notification must not contain language that contradicts or detracts from the standard mandatory language or the purpose of the notice. Submit proof of public notification and its certification within ten (10) days of executing public notification. To be completed by: 06/12/2003

Violations of the above cited statute(s) and/or regulation(s) are subject to a civil penalty per day per violation. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

If you have questions or need further information, write or call the undersigned:

Division Of Water
Central Office
Enforcement Branch
14 Reilly Road
Frankfort, Ky 40601
502 564-3410 EXT 580 (7:30 AM - 4:00 PM)
Maxine Goebel, Environmental Technologist

Issued By: Maxine Goebel Date: 05/13/2003

Issued By: Teresa L. Clements Date: 05/13/2003
Teresa L Clements Environmental Control Supervisor

How Delivered: Certified Mail 7099 3220 008 0356 9250
cc: Drinking Water Branch
Hazard Regional Office
Todd Ritter

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+

COMMONWEALTH OF KENTUCKY
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER

NOTICE OF VIOLATION

TO:
SOUTHERN WATER & SEWER DISTRICT
PO BOX 610
MCDOWELL KY 41647
Attn: BOB MEYER

SITE:
SOUTHERN WATER & SEWER DIST
245 KY RT 680
MCDOWELL KY 41647

Site ID #: 0360026
County: Floyd
Notifications/Complaints System #:
NOV Tracking #: 7322

Date(s) Violation(s) Observed: 11/11/2002

OIG Case #:
Enforcement Case #: 02592

This is to advise that you are in violation of the provisions cited below:

Statute/Regulation(No. 1): KRS 224 401 KAR CHAPTER 8

A description of the violation:

Failure to submit chlorine readings for Entry Point to the Distribution System (EPTDS) on the complete Monthly Operating Report for the month of October 2002. 0 days submitted of 31 required.

The required remedial measure(s), and date(s) to be completed by; are as follows:

Submit any available data which comprise part or all of the chlorine readings of EPTDS for October 2002 Monthly Operating Report.

To be completed by: 12/30/2002

Perform Public Notification for the above mentioned violation. To be completed by: 11/11/2003

Submit proof of Public Notification and certification for Public Notification within ten days of execution of Public Notification.

Violations of the above cited statute(s) and/or regulation(s) are subject to a civil penalty per day per violation. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

If you have questions or need further information, write or call the undersigned:

Division Of Water
Central Office
14 Reilly Rd
Frankfort, Ky 40601
502-564-3410 (8:00 - 4:30)

Jerrold Welch, Environmental Enforcement Specialist

Issued By:

Jerrold Welch

Date: 12/17/2002

Jerrold Welch Environmental Enforcement Specialist

Issued By:

Maxine Goebel

Date: 12/17/2002

Maxine Goebel Compliance Officer

How Delivered: Certified Mail Certified #: 7002 2410 0000 9482 1752

cc: Hazard Regional Office
Maxine Goebel, DWB
Drinking Water File

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JAMES E. BICKFORD
SECRETARY



PAUL E. PATTON
GOVERNOR

COMMONWEALTH OF KENTUCKY
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
FRANKFORT OFFICE PARK
14 REILLY RD
FRANKFORT KY 40601

February 7, 2001

Bob Meyer
Southern Water & Sewer Dist.
PO Box 610
McDowell KY 41647

RE: 0360026
Deletion of Violation

Southern Water & Sewer Dist. received a monitoring/reporting violation for failure to submit a Turbidity report for the month of December 2000.

Per our phone conversation of this day the violation has been deleted and the Public Notification waived.

If we may be of further service, please contact Bunnie Smith at 502/564-3410 ext. 417.

Sincerely,

A handwritten signature in cursive script that reads "Bunnie A. Smith".

Bunnie A. Smith, Compliance Office
Compliance Section
Drinking Water Branch
Division of Water

C: DWB Files



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COMMONWEALTH OF KENTUCKY
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET
DIVISION OF WATER
DRINKING WATER BRANCH

NOTICE OF VIOLATION

BOB MEYER
SOUTHERN WATER & SEWER DIST
PO BOX 610
MCDOWELL KY 41647

PWS ID: #0960026

Date of Violation: MAR 2001

THIS IS TO ADVISE YOU THAT, AS SPECIFIED BELOW, YOU ARE IN VIOLATION OF THE PROVISIONS OF KRS CHAPTER 224 AND 401 KAR 8:010-8:700. A DESCRIPTION OF THE VIOLATION FOLLOWS.

FAILURE TO SUBMIT:

Adequate Number of Bacteriological Samples.
Only 5 submitted of 10 required

REMEDIAL MEASURES REQUIRED INCLUDE, BUT ARE NOT LIMITED TO:
Submit the above to the Drinking Water Branch by the 10th day of each month. Submit proof of public notification for the above mentioned violation(s). See attached public notification requirements/model.

REMEDIAL MEASURES MUST BE COMPLETED BY:
Thirty (30) days from the date of this Notice.

Violation of the cited statute and regulations are subject to penalties of up to \$25,000 per day. Compliance with remedial measure deadlines does not provide exemption from liability for violations during the period of remediation. Any person who knowingly violates the aforementioned statutes may be subject to criminal prosecution. To discuss this Notice of Violation, please contact Maxine Goebel regarding bacteriological violations and public notification requirements or Bunnie Smith regarding Monthly Operating Reports or turbidity violations at (502) 564-3410.

Issued by: Maxine Goebel
for Vicki L. Ray, Manager
Drinking Water Branch

Date: April 26, 2001

c: Regional Office: 10-HAZARD
Drinking Water Files

HENRY C. LIST
SECRETARY



PAUL E. PATTON
GOVERNOR

COMMONWEALTH OF KENTUCKY
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
FRANKFORT OFFICE PARK
14 REILLY RD
FRANKFORT KY 40601

December 17, 2002

Certified No. 7002 2410 0000 9482 1752
Return Receipt Requested

Mr. Bob Meyer
Southern Water & Sewer District
PO Box 610
Mcdowell, KY 41647

Re: Southern Water & Sewer District
Floyd County, Kentucky
Case No. DOW 02592 (NOV #7322)
PWSID No. 0360026

Dear Mr. Meyer:

Enclosed please find a Notice of Violation for failure to submit chlorine readings for EPTDS on the complete Monthly Operating Report for the month of October 2002, at the referenced system. This violation places Southern Water & Sewer District in violation of 401 KAR Chapter 8.

Information concerning the content requirements for the Public Notification rule, which went into effect May 1, 2002, may be found on the Drinking Water Branch's website, <http://water.nr.state.ky.us/dw/>. The EPA guideline sheet is under news for the professional. Templates and additional information is also available through the Federal EPA website (<http://www.epa.gov/safewater/pn.html>).

In order to avoid further enforcement action, comply with the remedial measures set forth in the attached Notice of Violation. Failure to comply subjects your system to penalties as specified in KRS 224. Your cooperation and assistance in this matter is appreciated. If you have any questions, please contact Maxine Goebel, Drinking Water Compliance Officer, at (502) 564-3410.

Sincerely,

Teresa L. Clements,
Environmental Control Supervisor
Enforcement Branch
Division of Water

TLC/jcw
Enclosure

c: Maxine Goebel, Drinking Water Branch
Hazard Regional Office
Jerrod Welch, Enforcement Branch



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JAMES E. BICKFORD
SECRETARY



PAUL E. PATTON
GOVERNOR

COMMONWEALTH OF KENTUCKY
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
FRANKFORT OFFICE PARK
14 REILLY RD
FRANKFORT KY 40601

September 21, 2001

Bob Meyer
Southern Water & Sewer District
PO Box 610
McDowell, KY 41647

RE: PWSID 0360026
Radionuclide Violation

Dear Mr. Meyer:

Your system received a Notice of Violation dated August 29, 2001, for failure to perform monitoring/reporting for gross alpha radioactivity for the period July 1, 1996 - June 30, 2000. The correct period should be July 1, 1995 - June 30, 1999.

Our records indicate that you last monitored for gross alpha radioactivity on March 1, 1993. Therefore, the violation stands for failure to monitor for the 1995 - 1999 period.

The corrected Notice of Violation is enclosed. Public Notification is due by November 1, 2001. Remedial measures are due by December 31, 2001. The sample taken to return you to compliance will also count as the sample for the current monitoring period, July 1, 1999 - June 30, 2003.

If you have any questions regarding this matter, please contact the undersigned at 502/564-2225, extension 516.

Sincerely,

Jerry Pike, Compliance Officer
Drinking Water Branch
Division of Water

C: Hazard Regional Office
DWB Files



COMMONWEALTH OF KENTUCKY
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
Frankfort, KY 40601

AMENDED
NOTICE OF VIOLATION

Bob Meyer
Southern Water & Sewer District
PO Box 610
McDowell, KY 41647

Southern Water & Sewer District
PWSID 0360026
Floyd County

Date of Violation: August 29, 2001

THIS IS TO ADVISE YOU THAT, AS SPECIFIED BELOW, YOU ARE IN VIOLATION OF THE PROVISIONS OF KRS CHAPTER 224.

Regulation(s): 401 KAR 8:550

A description of the violation(s) follows: Failure to monitor/report analytical results for Radionuclides in the compliance period of July 1, 1995 - June 30, 1999.

Remedial measures required include, but are not limited to:

1. Submit one test for Gross Alpha
2. Submit public notification for failure to monitor/report for Radionuclides.

Remedial measures must be completed by:

1. Test by December 31, 2001
2. Public Notification by November 1, 2001

Violation of the above cited statute and regulations is subject to penalties of up to \$25,000 per day. Compliance with remedial measure deadlines does not provide exemption from liability for violations during the period of remediation. Any person who knowingly violates the aforementioned statute may be subject to criminal prosecution. To discuss this Notice of Violation, please contact the undersigned at: (502) 564-2225 ext. 516.

Issued by: Jerry Pike
Compliance Officer

Jerry Pike

Vicki L. Ray, Manager
Drinking Water Branch

Date: 9/21/01

C: Hazard Regional Office
Drinking Water Files

COMMONWEALTH OF KENTUCKY
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
Frankfort, KY 40601

NOTICE OF VIOLATION

Bob Meyer
Southern Water & Sewer District
PO Box 610
McDowell, KY 41647

Southern Water & Sewer District
PWS ID # 0360026
Floyd County

Date of Violation: August 29, 2001

THIS IS TO ADVISE YOU THAT, AS SPECIFIED BELOW, YOU ARE IN VIOLATION OF THE PROVISIONS OF KRS CHAPTER 224.

Regulation(s): 401 KAR 8:550

A description of the violation(s) follows: Failure to monitor/report analytical results for Radionuclides in the compliance period of July 1, 1996 – June 30, 2000.

Remedial measures required include, but are not limited to:

- 1. Submit one test for Gross Alpha
- 2. Submit public notification for failure to monitor/report for Radionuclides.

Remedial measures must be completed by:

- 1. Test by December 31, 2001
- 2. Public Notification by October 15, 2001

Violation of the above cited statute and regulations is subject to penalties of up to \$25,000 per day. Compliance with remedial measure deadlines does not provide exemption from liability for violations during the period of remediation. Any person who knowingly violates the aforementioned statute may be subject to criminal prosecution. To discuss this Notice of Violation, please contact the undersigned at: (502) 564-3410 ext 516.

Issued by: Jerry Pike
Compliance Officer



Vicki L. Ray, Manager
Drinking Water Branch

Date: 8/29/01

C: Hazard Regional Office
Drinking Water Files

JAMES E. BICKFORD
SECRETARY



PAUL E. PATTON
GOVERNOR

COMMONWEALTH OF KENTUCKY
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
FRANKFORT OFFICE PARK
14 REILLY RD
FRANKFORT KY 40601

July 5, 2000

Bobby Hackworth
Beaver Elkhorn Water District
P O Box 769
Martin, KY 41649

RE: 0360026 Notice of Violation
Return to Compliance

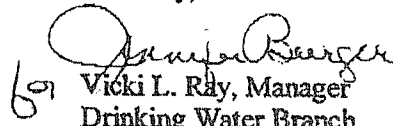
On May 24, 2000, a Notice of Violation was issued to Beaver Elkhorn Water District for failure to submit analytical results for Asbestos following the November 24, 1998 Notice of Violation letter (attached).

The Drinking Water Branch is in receipt of the analytical result for the asbestos sample collected on June 12, 2000. Proof of public notification was completed on June 14, 2000.

Based upon the above information, Beaver Elkhorn Water District is considered "returned to compliance" and no further action is required.

If you require further assistance, please contact Maxine Goebel at (502) 564-3410 ext. 580.

Sincerely,


for Vicki L. Ray, Manager
Drinking Water Branch
Division of Water

VLR:MG:mg

c: DWB Files



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COMMONWEALTH OF KENTUCKY
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
Frankfort, KY 40601

Bobby Hackworth
Beaver Elkhorn Water Dist
P O Box 769
Martin, Ky 41649

Beaver Elkhorn Water Dist
PWS ID# 0360026
Floyd County

Date of Violation: April 30, 1999 to Present

THIS IS TO ADVISE YOU THAT, AS SPECIFIED BELOW, YOU ARE IN VIOLATION OF THE PROVISION OF KRS 224.

Regulations: 401 KAR 8:250 and 401 KAR 8:070

A description of the violation(s) follows:

1. Failure to submit analytical test results for Asbestos following the November 24, 1998 Notice of Violation letter.
2. Failure to submit proof of public notification letter to the Drinking Water Branch for the Asbestos violation.

Remedial measures required include, but are not limited to:

1. Submit one analytical test result for Asbestos.
2. Submit proof of public notification to the Drinking Water Branch.

Remedial Measures must be completed by: Public Notification by June 15 and test by June 30, 2000

Violation of the above cited statute and regulations are subject to penalties of up to \$25,000 per day. Compliance with remedial measure deadlines does not provide exemption from liability for violations during the period of remediation. Any person who knowingly violates the aforementioned statutes may be subject to criminal prosecution. To discuss this Notice of Violation, please contact the undersigned at: (502) 564-3410 ext 580.

Issued by: Maxine Goebel
Maxine Goebel

Date: May 24, 2000

for Victoria Burger
Vicki L. Rayl

Date: May 24, 2000

Certified Mail 2258080200

PN vio# 61666

NOTICE OF VIOLATION

COMMONWEALTH OF KENTUCKY
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
Drinking Water Branch
14 Reilly Road
Frankfort, KY 40601

Bobby Hackworth
PO Box 769
Martin, KY 41649

Beaver Elkhorn Water District
PWS ID#: 0360026
County: Floyd

Date of Violation: January 19, 2000 to Present

THIS IS TO ADVISE YOU THAT, AS SPECIFIED BELOW, YOU ARE IN VIOLATION OF THE PROVISIONS OF 40 CFR 141.155, PURSUANT TO KRS 224.10-110.

A description of the violation follows: Failure to submit, by January 19, 2000, certification that the Consumer Confidence Report was prepared and distributed according to the requirements, and that the information in the report is correct and consistent with the compliance monitoring data previously submitted to the Division.

Violation ID#: 94747

Remedial measures required include, but are not limited to: Submit certification with required wording to the Division of Water, Drinking Water Branch. Include all applicable PWS ID numbers on the certification, and a copy of the certification for each PWS ID.

Remedial measures must be completed by: May 31, 2000.

Violation of the above cited statute and regulation is subject to penalties of up to \$25,000 per day. Compliance with remedial measure deadlines does not provide exemption from liability for violations during the period of remediation. Any person who knowingly violates the aforementioned statutes may be subject to criminal prosecution. To discuss this Notice of Violation, please contact the undersigned at: (502) 564-3410, ext 406.

Issued by: Martha L. Hall
Martha L. Hall
Compliance Evaluation Section

Date: April 25, 2000

Victoria L. Ray
Victoria L. Ray, Manager
Drinking Water Branch

Date: April 25, 2000

Certified Mail # 2 258 075 259

COMMONWEALTH OF KENTUCKY
REQUEST TO INSPECT PUBLIC RECORDS
RE: KRS CH.61

REQUEST

TO: DOW / Drinking Water Branch
Name of State Agency

DATE: 5/20/2005

Public files in Regional Offices are not necessarily complete. Complete public files may be examined at the appropriate central office in Frankfort, Kentucky.

1. I request to inspect the following document(s): Violations for Southern Water in Floyd County
PWSID 0360026

2. Number of copies of each document requested @ 10 cents per page: 30

3. Enclosed \$3.00 Check / Money Order / Cash: Check

4. Tammy Laferty
Printed Name

Signature

Company

209 May Village Allen KY 41601 - (606) 874-1111
Address (Street, City, State, Zip) Phone Ext

*pd chk #
4258 \$3.00 total*

5. Is requested information from a database or geographic information system: Yes () No ()

6. For commercial use: Yes () No ()

7. If the answer to questions 5 and 6 is yes, the commercial purpose for which the requested information shall be used to:

I hereby certify that the information set forth in item 7 is true and correct to the best of my knowledge:

Signature

DISPOSITION

8. The following disposition was made of the above request:

Filed information on 6/02/05.

9. *Terrin Martin*
Signature of Custodian

\$3.00

Amount Received

Division of Water
Agency

5/25/2005

Date Completed

COMMONWEALTH OF KENTUCKY
Before the Public Service Commission

COPY

In the Matter of:

APPLICATION OF FRANCIS WATER)
COMPANY FOR APPROVAL OF AN)
ADJUSTMENT IN RATES, FINANCING,)
AND AN INCREASE IN)
NON-RECURRING CHARGES)

Case No. 2004-00364

NOTICE OF FILING

**** *****

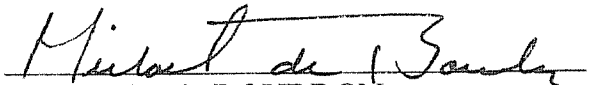
Comes FRANCIS WATER COMPANY, by and through the undersigned counsel,
and in compliance with the Commission's Order dated May 18, 2005, states as follows:

1. That pursuant to the aforesaid Order, Francis Water Company was ordered to explore a regionalization venture whereby it would purchase its water requirements from a regional water supplier. Francis Water Company has made such an analysis and has determined that an annual cost to purchase its water would be \$109,368.00 and the cost to produce its own water would be \$66,516.00. Attached hereto and made a part of this Notice of Filing is a two (2) page document signed by Darrell Madden, the accountant for Francis Water Company, which the undersigned counsel feels adequately complies with the Commission's Order and trusts and prays the Commission so finds.

WHEREFORE, FRANCIS WATER COMPANY, by and through the undersigned counsel, respectfully moves the Commission that a Final Order resolving all matters herein

be so entered.

Respectfully submitted,


MICHAEL de BOURBON
PRUITT and de BOURBON LAW FIRM
P.O. BOX 339
PIKEVILLE, KENTUCKY 41502
(606) 437-7366

CERTIFICATE OF SERVICE

This is to certify that a true copy of the foregoing Notice of Filing was duly mailed to the following:

Hon. Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

Hon. David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

This 9 day of June, 2005.


MICHAEL de BOURBON

DARRELL MADDEN, CPA
Certified Public Accountant

PO Box 529
HINDMAN, KY 41822

TELEPHONE
(606) 785-5046
1-800-287-8922
FAX
785-4955

June 3, 2005

Ms. Beth O'Donnell
Executive Director
Public Service Commission
Commonwealth of Kentucky
Frankfort, Kentucky 40602

RE: Francis Water Company, Inc.
P.O. Box 38
Garrett, Kentucky 41630

Dear Ms. O'Donnell,

This letter is being sent on behalf of the above named entity pursuant to the Commonwealth of Kentucky Public Service Commission (Commission) order dated the 18th of May 2005 pursuant to case number 2004-00338. A copy of this order is attached for your convenience.

In this order Francis Water Company Inc. (Francis) was to investigate the feasibility of purchasing its water from a regional water supplier and any other feasible regionalization venture and is to submit a written report, on or before the 13th of June 2005, to the Commission. This analysis was done pursuant to this order.

Prices were obtained from the two closest utilities in an effort to determine the cost of purchasing the water. The results of these inquiries yielded the following rates:

| | |
|--------------------------------|----------------------------|
| Prestonsburg City Utilities | - \$3.00/thousand gallons |
| Southern Water of Floyd County | - \$2.40/thousand gallons. |

Prestonsburg City Utilities would involve a line extension of approximately 15 miles. Given this issue along with the fact that they have a higher price leaves Southern Water as the only provider. The analysis is therefore based on the purchased water costing \$2.40/thousand gallons.

Francis expenses to produce its own water using figures determined by yourselves (Mr. Jack Kaniberg of the Public Service Commission) in the allocation of operation and maintenance expense in the rate increase of January 2005 yields the following as the cost to produce the water.

| | |
|---|--------------|
| *Three Employees Salaries (Wages) \$30,334, \$19,855, & \$3,000 - | \$53,189 |
| *Payroll Taxes/Benefits at 10% | 5,319 |
| *Chlorine (Per Year) | 1,200 |
| *Utilities For Pumps (Per Year) | 1,400 |
| *McCoy & McCoy Testing (Per Year) | 5,298 |
| *Plant Operator Testing of Water, PH, Chlorine, & Turbidity | 110 |
| Total Annual Cost To Produce Water | \$66,516 |

Francis currently has the need of approximately 1,950,000 gallons per month. If they purchase the water they must still maintain two employees for field and line repairs, customer service, valve repairs, meter reading, flushing lines, flushing hydrants, customer billings, meter record reports, building inspection, material purchases, and many other necessary functions. Given these factors yields the following as the cost to purchase the water.

| | |
|---|---------------|
| *Purchase Price of Water (\$2.40/th. gallons) | \$56,160 |
| *Employees | 50,189 |
| *Payroll Taxes/Benefits at 10% | 5,019 |
| Total Annual Cost To Purchase Water | \$109,368 |

It, therefore, appears to be in the best interest of the consumer to allow Francis to produce its own water.

Sincerely,

Darrell Madden, CPA
Darrell Madden, CPA