

# **West Laurel Water Association, Inc.**

P. O. Box 726 ♦ London, Kentucky 40743-0726

606-878-9420

December 9, 2005

Mr. Michael F. Burford, Director  
Division of Filings  
KY Public Service Commission  
PO Box 615  
Frankfort, KY 40602

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COMMISSION

**RE: Case No. 2005-00477**

Dear Mr. Burford:

The following is West Laurel's response to your letter dated December 6, 2005, regarding our recent filing of a rate application with the Commission.

Item 1, correctly points out that West Laurel did not file a notice of intent as required by 807 KAR 5:001, Section 10(2). West Laurel intended to file a notice of intent and in fact had such a notice prepared to file with the Commission. The notice of intent was being held until Wood Creek Water District received approvals from the Division of Water and Rural Development. West Laurel could not file its application with the Commission prior to the Wood Creek filing, since part of the increased expense to West Laurel is purchased water expense from Wood Creek. During this long process, the notice of intent was laid aside and simply not filed with the Commission.

West Laurel respectfully requests a deviation from the requirement to file a notice of intent in accordance with 807 KAR 5:002, Section 14. Once the Wood Creek filing is approved, West Laurel will receive an increase in its wholesale rate. West Laurel plans to absorb the increase in purchased water costs until it receives approval of new rates pursuant to this filing. West Laurel believes this is "good cause" to grant a deviation from 807 KAR 5:001, Section 10(2) and requests the deviation.

Item 2, of the letter notes that 807 KAR 5:001 Section 10(6)(r) required monthly managerial reports providing financial results of operations for the 12 months in the test period. The only managerial reports available are contained in Exhibit 9 of the application. Exhibit 9, contains a breakdown of expenses for 2003 which is the test period and also shows expenses for 2004.

Item 3, requests the most recent capital construction budget containing at least the period of time as proposed for any pro forma adjustments for plant additions. West Laurel has not proposed any plant additions in the filing.

Item 4, requests the operating budget for each month of the period encompassing the pro forma adjustments. The annual report shown in Exhibit 11 shows the actual expenses incurred during the test year. Exhibit 8 shows monthly operating expenses for 2003 and 2004.

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The only request in this filing is to set rates based on actual 2003 expenses and to include the increase in purchased water expenses. West Laurel does not propose to update its expenses to a more recent test period since the increase requested in this application results in a significant increase to its customers.

West Laurel requests the Commission approve the proposed rates as quickly as possible. While West Laurel has chosen to not file a purchased water adjustment followed by a general rate increase, it cannot absorb the increase in purchased water expense for an extended period of time.

Sincerely,



Otis Williams, President  
West Laurel Water Association

CC: Office of the Attorney General