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January 24, 2006

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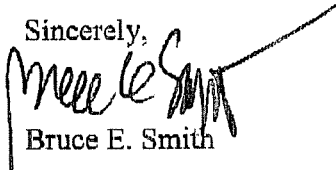
Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: Case No. 2005-00544

Dear Ms. O'Donnell:

Pursuant to the suggestion of your legal staff, I am transmitting by facsimile the Answer (without exhibits attached) of the Jessamine-South Elkhorn Water District to the Lowerys' Complaint. The original and 10 copies of this Answer, with the exhibits referenced therein, will be mailed to you overnight today.

If this poses a problem with the timeliness of the filing of this Answer, please call me immediately.

Sincerely,

Bruce E. Smith

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

DONNIE E. AND DELORES A. LOWERY)
)
COMPLAINANTS)
)
v.)
)
JESSAMINE-SOUTH ELKHORN)
WATER DISTRICT)
)
DEFENDANT)

CASE NO. 2005-00544

ANSWER

The above-named defendant, Jessamine-South Elkhorn Water District ("South Elkhorn"), for its Answer to the Complaint in this proceeding, respectfully states:

FACTS

The Lowery's occupy a mobile home located on a family farm situated outside the territorial boundary of South Elkhorn. The water main from the City of Nicholasville's water treatment facility on the Kentucky River crosses the Lowery farm. Under the terms of the easement permitting the City of Nicholasville's water main to cross the Lowrey farm, occupants of the farm have had water service available and actually supplied to them for over 20 years. The service line from the main to the occupants of the farm has fallen into disrepair over the years and there have been numerous and large losses of water as a result thereof. The City of Nicholasville finally terminated service to the Complainants because they refused to repair this service line, and because they refused to pay a delinquent water bill¹. The City of Nicholasville has confirmed that water service will be re-connected when the Lowerys repair their service line.

¹ A third party eventually paid this bill, but the service line has not been repaired.

Steve Stephenson, referred to by the Complainants as Steve "Stevenson", performs maintenance work for South Elkhorn on a contract basis. He is not an employee of the District. Mr. Glenn T. "Tom" Smith is South Elkhorn's superintendent.² Neither Tom Smith nor Steve Stephenson advised the Lowerys that they could obtain water service from South Elkhorn. Any excavation work which Steve Stephenson's son performed for the Lowerys was strictly a private matter between Stephenson's company and the Lowerys. When contacted by officials from the City of Nicholasville, Tom Smith advised them that South Elkhorn was not interested in serving the Lowerys.

Under South Elkhorn's tariff, the Lowerys would have had to at least apply for service to initiate any action on the part of South Elkhorn. The Lowerys have filed no such application.

The Lowerys' threat of filing a complaint with the Kentucky Public Service Commission was discussed at the December 7, 2005 meeting of the Board of Commissioners of South Elkhorn. By vote of the Board, counsel for South-Elkhorn, Bruce E. Smith, was instructed to contact the City of Nicholasville and propose the following in return for providing service to the Lowerys. The City would have to agree to cede the territory encompassed by the Lowery Farm to South Elkhorn, and the City would have to agree to provide water service to an unserved area on Bethany Road, outside South Elkhorn's territory, within a reasonable period of time. This proposal was made to the Nicholasville City Commission on December 8, 2005, by South Elkhorn's counsel, but the Commission took no immediate action. Later, South Elkhorn learned from Tom Calkins, Nicholasville's Director of Public Utilities, that the City was not interested in South Elkhorn's proposal.

Contrary to the Lowerys' assertion that they are "out our monies for the plumber", Mr. Stephenson has never been paid for his company's work, as is confirmed in his son's affidavit.

² The Complainants referred to Mr. Smith as "Tommy" Smith.

The affidavits of Glenn T. Smith, South Elkhorn's Superintendent (Tab A); Stephen Stephenson, the son and employee of Stephen R. Stephenson, who is the Districts maintenance contractor (Tab B); Thomas P. Calkins, the Director of Public Utilities for the City of Nicholasville (Tab C); and Bruce E. Smith, counsel for South Elkhorn (Tab D). These affidavits confirm the factual representations of this Answer.

ARGUMENT

The Lowerys have not applied for service from South Elkhorn. South Elkhorn's Board never authorized anyone on its behalf to represent to the Lowerys that service would be provided. No one on South Elkhorn's behalf has represented to the Lowerys that service would be provided. The Lowerys' home is located outside the District's territory and the District is not obligated to serve their residence.


WHEREFORE, the District prays that the Complaint be dismissed, and that it be granted all other appropriate relief to which it may appear entitled.



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**ATTORNEY FOR JESSAMINE- SOUTH
ELKHORN WATER DISTRICT**

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Answer was served by mailing same, postage prepaid, to Donnie Easley Lowery and Delores Ann Lowery, 2025 Chrisman Mill Road, Nicholasville, Kentucky 40356, this 24 day of January, 2006.


BRUCE E. SMITH