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Commonwealth of Kentucky  
Before the Public Service Commission

MAR 09 2007  
PUBLIC SERVICE  
COMMISSION

IN THE MATTER OF:

APPLICATION TO REQUEST COMMISSION )  
APPROVAL FOR AN INCREASE IN FARMDALE ) CASE NO. 2006-00028  
DEVELOPMENT CORPORATION SEWAGE )  
TREATMENT PLANT'S RATE PURSUANT )  
TO THE ALTERNATIVE RATE FILING )  
PROCEDURE FOR SMALL UTILITIES )

ATTORNEY GENERAL'S RESPONSE  
TO THE PUBLIC SERVICE COMMISSION'S  
ORDER OF 1 MARCH 2007

With

ATTORNEY GENERAL'S WRITTEN COMMENTS  
FOR COMMISSION STAFF REPORT

The Attorney General, in response to the Commission's 1 March 2007 Order, notes that he does not intend to call any witnesses during the hearing scheduled for 15 March 2007. The Attorney General states that his issues of contention are the reasonable recoverable costs relating to the lift station and whether this proceeding should include any additional consideration for the projects appearing on Attachment C of the Commission Staff Report. The Attorney General reserves the right to reply to any issue raised by the Applicant.

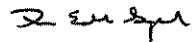
The Attorney General has reviewed the Commission Staff Report, and he notes the following: The Staff indicates that it does not yet have sufficient information to determine the reasonableness of the cost of the lift station. In any event, the Attorney General continues to assert that the recoverable costs for the

lift station replacement should be capped at no more than \$30,425. The Attorney General agrees with Staff's recommendation that such project costs be recovered through general rates. Additionally, there should be no recovery through rates for repairs (and corresponding costs such as depreciation) to the lift station performed after the point in time when it should have already been replaced through the exercise of reasonable diligence.

WHEREFORE, the Attorney General submits his Response with Written Comments.

Respectfully submitted,

GREGORY D. STUMBO  
ATTORNEY GENERAL



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*Certificate of Service and Filing*

Counsel certifies filing of the original and ten photocopies of the Attorney General's Response and Written Comments to Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; furthermore, service of the filing was by mailing a true and correct of the same, first class postage prepaid, to: Robert C. Moore, Hazelrigg & Cox, LLP, P. O. Box 676, Frankfort, Kentucky 40602; Carroll F. Cogan, Farmdale Development Corporation, 1706 Bardstown Road, Louisville, Kentucky 40205; Kenny & Marilyn Glass, 223 Briarwood Drive, Frankfort, Kentucky 40601; Mary Pennington, 210 Cherry Lane, Frankfort, Kentucky 40601; and Beverly J. Hunt, 304 Peachtree Road, Frankfort, Kentucky 40601, all on this 9<sup>th</sup> day of March 2007.

  
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Assistant Attorney General