



Ernie Fletcher
Governor

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Environmental and Public
Protection Cabinet

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October 31, 2006

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The Baxter Law Office
115 West Main Street
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David Edward Spenard, Esq.
Office of the Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive
Suite 200
Frankfort, Kentucky 40601-8204

Re: Case No. 2006-00191
Henry County Water District No. 2

Gentlemen:

The enclosed communication has been filed in the record of the above-referenced case. Any comments regarding the contents of this communication should be submitted to the Commission within five days of receipt of this letter.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

gw
Enclosure

Wuetcher, Jerry (PSC)

From: Green, Tom [tom.green@tticd.com]
Sent: Tuesday, October 31, 2006 10:56 AM
To: Wuetcher, Jerry (PSC)
Cc: Spenard, David (KYOAG); simpsonjt@insightbb.com; dbbaxter@bellsouth.net
Subject: Case 06-191: Henry Co. comments on minutes of meeting

Mr. Wuetcher,

On October 26, 2006, Henry County Water District No. 2 received the minutes which you prepared of our October 9, 2006 informal conference. The four representatives of HCWD2 who attended the conference have all reviewed and discussed the minutes, and the following five points reflect our best mutual recollection of several issues which were discussed at the meeting.

1. We recall Mr. Lawless stating that depreciation expense was intended to replace and renew existing facilities and to upsize infrastructure to accommodate normal growth.
2. We recall Mr. Lawless stating that if certifying plats without an impact fee meant that pressures in the system would be reduced to 30 psi before any developer would have to make a hydraulic improvement, he could see no problem with that.
3. We recall Mr. Lawless stating that because the Henry County OIC had only generated \$90,000 per year he would be inclined not to renew it.
4. We recall Mr. Wuetcher stating that the Commission had intended SDCs to be used for treatment and storage, but not for lines. We do not recall Mr. Wuetcher stating that "transmission mains" were one of the PSC's original intended purposes of SDCs. Had he done so, we would have explained that the cost of our OIC projects is mostly for transmission mains.
5. According to the conference memorandum "Mr. Green and Mr. Shoemaker stated that the OIC's designers had not considered the benefits of additional customers..." We recall Mr. Green stating that he had not *analyzed* the benefits from additional customers because the OIC counterbalanced these considerations by excluding the costs of treatment and storage.

We appreciate the opportunity to add our comments to the record. We are sending a copy of this email to David Spenard of the Attorney General's Office.

Sincerely,

Tom Green
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