



United States Department of Agriculture  
Rural Development  
Kentucky State Office

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COMMISSION

February 1, 2007

Ms. Alice Ritchie, Chairperson  
Knott County Water and Sewer District  
P.O. Box 884  
Hindman, Kentucky 41822

Re: Letter of Conditions Dated May 22, 2003, Amendment No. 1 dated June 20, 2006, and  
Amendment No. 2 dated January 23, 2007

Dear Ms. Ritchie:

This letter shall serve as Amendment No. 3 to the Letter of Conditions dated May 22, 2003. The purpose of this amendment is to revise the 2" meter rates as requested by the Public Service Commission.

Paragraph numbered "25" is revised to read as follows:

" 25. Rates and Charges:

Rates and charges for facilities and services rendered by the District must be at least adequate to meet cost of maintaining, repairing and operating the water system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

A. Water rates will be at least:

1. 3/4" Meter:

First	2,000	gallons @ \$	18.25 - Minimum Bill.
Next	8,000	gallons @ \$	5.63 - per 1,000 gallons.
All Over	10,000	gallons @ \$	4.55 - per 1,000 gallons.

2. 2" Meter:

First	15,000	gallons @ \$	86.04 - Minimum Bill.
All Over	15,000	gallons @ \$	4.55 - per 1,000 gallons.

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## B. Sewer rates will be at least:

1. 3/4" Meter:  
First 2,000 gallons @ \$ 13.80 - Minimum Bill.  
Next 8,000 gallons @ \$ 4.38 - per 1,000 gallons.  
All Over 10,000 gallons @ \$ 3.42 - per 1,000 gallons.
2. 2" Meter:  
First 15,000 gallons @ \$ 65.94 - Minimum Bill.  
All Over 15,000 gallons @ \$ 3.42 - per 1,000 gallons.
3. Sewer Only Customers:  
Residential Flat Rate \$ 26.25 "

All other provisions of the referenced Letter of Conditions remain in full force and unchanged.

Sincerely,

  
KENNETH SLONE  
State Director

cc: Area Director - London, Kentucky  
Rural Development Manager - Hazard, Kentucky  
Kentucky River ADD - Hazard, Kentucky  
Rubin and Hays - Louisville, Kentucky  
Ron Combs - Hazard, Kentucky  
MSE, Inc. - Lexington, Kentucky  
PSC - ATTN: Bob Amato - Frankfort, Kentucky