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January 7, 2008

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

R. Benjamin Crittenden  
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RE: In the Matter of: An Adjustment of Rates of the South Shore Water Works Company (Case No. 2007-00199) – Notice of Intention to Place Proposed Rate Increase Into Effect.

Dear Ms. O'Donnell:

This letter provides notice of South Shore's intent to place the rate change, proposed in the tariff filed with the Commission on June 26, 2007, into effect as of January 11, 2008. Such action is authorized by KRS 278.190(2), which provides, in pertinent part, as follows:

Pending the hearing and the decision thereon, and after notice to the utility, the commission may, at any time before the schedule becomes effective, suspend the operation of the schedule and defer the use of the rate, charge, classification, or service, but not for a longer period than five (5) months beyond the time when it would otherwise go into effect if an historical test period is used, or longer than six (6) months if a forward-looking test period is used, pursuant to KRS 278.192; and after such hearing, either completed before or after the rate, charge, classification, or service goes into effect, the commission may make those orders with reference thereto as it deems proper in the matter. *If the proceeding has not been concluded and an order made at the expiration of five (5) months, or six (6) months, as appropriate, the utility may place the proposed change of rate, charge, classification, or service in effect at the end of that period after notifying the commission, in writing, of its intention to do so.*

(Emphasis added). South Shore is entitled to place its proposed rates into effect because the application filed in this proceeding was based on a historical test year, and more than five months have passed from the time South Shore's tariff would have gone into effect.

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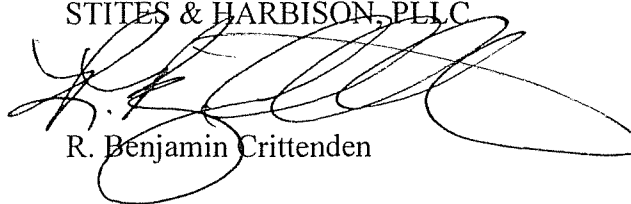
South Shore filed its rate increase application on May 17, 2007. The application used the historical test year ending April 30, 2007, and was filed with a proposed tariff with the effective date of June 18, 2007. On June 14, 2007, the Commission entered an Order finding that South Shore had not satisfied all of the filing requirements contained in Section 10 of 807 KAR 5:001. The Commission's Order required South Shore to satisfy the deficiencies within 15 days, and stated that the statutory time period for the Commission to process South Shore's application would not commence until all the required information was filed. South Shore complied with the Commission's Order on June 26, 2007. At the same time, South Shore re-filed its proposed tariff with the effective date of August 1, 2007.

On November 1, 2007, the Commission entered an Order enclosing the Commission staff's findings and recommendations regarding South Shore's proposed rate increase. The Order provided the parties with ten days to submit written comments or request a hearing or informal conference. South Shore filed written comments on November 8, 2007. Nothing has happened with this proceeding since that time. The five-month period for the Commission to enter an Order on the merits of South's Shore's application ran on January 1, 2008, entitling South Shore to increase its rates as provided in the tariff filed with the Commission on June 26, 2007.

Please do not hesitate to contact me if you have any questions about South Shore's approach to this matter.

Sincerely,

STITES & HARBISON, PLLC



R. Benjamin Crittenden

cc: David E. Spenard  
George J. Hannah  
✓ Virginia Gregg