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August 13, 2008

Joe Hammond
Martin County Water District
HC 69, Box 875
Inez, KY 41224

RE: Case No. 2008-00324
Martin County Water District
Filing Deficiencies

Dear Mr. Hammond:

The Commission staff has reviewed Mountain County Water District's application in the above case. The filing is rejected for the reasons set forth below:

Filing deficiencies pursuant to 807 KAR 5:001:

- (1) Section 10(1)(b) – Statement by utility confirming that copy of filing was simultaneously sent to the Attorney General (Attorney General has 10 days to notify PSC if he requests a hearing).
- (2) Section 10(1)(c) – Statement explaining why proposed changes could not have been included in last rate case and why current conditions prevent deferring change until next rate case.
- (3) Section (10)(1)(d) – Impact statement identifying group of customers (both existing and potential) affect by proposed change.
- (4) Section (10)(1)(e) – Income statement and balance sheet for a recent 12-month period.
- (5) Section 10(2) – If the additional revenue to be generated from the proposed tariff revisions exceeds by five (5) percent the total revenues provided by all miscellaneous and non-recurring charges for a recent twelve (12) month period, the utility must file, in addition to the information set out in subsection (1)(a) of this section, the following: An absorption test showing that the additional net income generated by the tariff filing will not result in an increase in the rate of return (or other applicable valuation methods) to a level greater than allowed in the most recent rate case. Any general rate increase received during the twelve (12) month period must

be annualized. Any significant cost changes may be included but must be documented as part of the filing.

(6) Section 8, 9 (2) – Is copy of public notice included?

The statutory time period in which the Commission must process this case will not commence until the above-mentioned information is filed with the Commission. If your filing contains a proposed effective date, the rejection of your filing for reasons of deficiencies voids the proposed effective date. When you file the required information to correct the deficiencies you may refile your proposed tariff with a new proposed effective date that is at least 30 days from the date you file the required information. You are requested to file 10 copies of this information within 15 days of date of this letter.

In all future correspondence or filings connected with this case, please reference the above case number. If you need further assistance, please contact my staff at 502-564-3940.

Sincerely,



Ryan Gatewood, Director
Divisions of Filings

DM/rs