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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH SHORE WATER WORKS) CASE NO.
COMPANY FOR AN ADJUSTMENT OF RATES) 2011-00039

SOUTH SHORE WATER WORKS COMPANY'S COMMENTS ON COMMISSION
STAFF REPORT AND REQUEST FOR SUBMISSION FOR DECISION BASED ON
THE EXISTING RECORD

Pursuant to the Commission's Order of June 1, 2011, South Shore Water Works Company ("South Shore") offers the following comments on the Commission Staff's report outlining its findings and recommendations regarding South Shore's proposed rate adjustment. South Shore agrees with the findings and recommendations with two exceptions.

First, South Shore disagrees with the Commission Staff's proposed adjustment to South Shore's calculations of its salaries and wages to reduce the salary of South Shore's President, George J. Hannah, from the \$97,292 included in South Shore's application to \$63,096. Mr. Hannah's responsibilities with South Shore cannot be overstated and far exceed the scope of duties customarily performed by utility company officers and executives. In numerous proceedings before the Commission, South Shore has documented the extent to which Mr. Hannah has been required to perform work that otherwise would have been performed by other employees, and the documentation establishes that the salary figure included in South Shore's application is reasonable and appropriate.

Second, South Shore disagrees with the Commission Staff's proposed adjustments to its depreciation and amortization expenses to remove items that will be

fully depreciated or amortized in 2011. This proposed adjustment is inconsistent with the Commission's practice in previous rate cases involving South Shore and produces a revenue requirement that doesn't fully account for South Shore's expenses.

South Shore requests that the Commission reconsider these two proposed adjustments from the Commission Staff, and that it otherwise adopt the Commission Staff's findings and recommendation. There are no facts in dispute in this proceeding. Accordingly, South Shore requests that the matter be submitted to the Commission for a decision on the basis of the existing record.

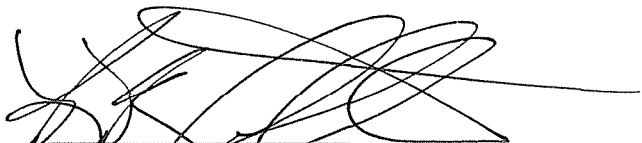
Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that the forgoing was served by United States First Class Mail, postage prepaid, on this 11th day of July, 2011 upon David Edward Spenard, Assistant Attorney General, Office of the Attorney General, Utility & Rate Intervention Division, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204.



R. Benjamin Crittenden