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June 6, 2011

Mr. John C. Clark
Madison County Utilities District
Post Office Box 670
Richmond, Kentucky 40476-0670

Re: PSC Case No 2011-00165
Madison County Utilities District

Dear Mr. Clark:

After further review of Madison County Utilities District's ("Madison District") application for a purchased water adjustment, Commission Staff has determined that the application does not meet statutory and regulatory filing requirements. Accordingly, the application is rejected for filing.

KRS 278.015 permits a water district to increase its rates commensurate with an increase in the rates of its wholesale water supplier without Public Service Commission approval. It requires the water district to file revised tariff sheets reflecting any increase in rates, "a copy of the notice from its wholesale supplier showing the increase in the rate charged to the utility, and a statement of the volume of purchased water used or sewage treated to calculate the increase in rates." 807 KAR 5:068, Section 2, requires that a purchase water adjustment be based upon the amount of water purchased for a 12-month period ending no more than 90 days prior to the effective date of the adjusted rate.

Madison District proposes to adjust its rates on July 1, 2011. Its proposed rates are based upon water purchases for the 12-month period ending December 31, 2010. Its application does not provide any information regarding Madison District's purchases after December 31, 2010.

To meet the requirements of KRS 278.015 and 807 KAR 5:068, Madison District should resubmit its application and provide the total gallons of water that Madison District purchased from each supplier during a twelve month period ending within 90 days of the effective date of the proposed rate adjustment.

Commission Staff respectfully requests that Madison District resubmit its application with the requested information within 15 days of the date of this letter.

Mr. John C. Clark
June 6, 2011
Page 2

Any questions regarding this letter should be directed to Gerald Wuetcher at (502) 564-3940, Extension 259, or Sam Reid at (502) 564-3940, Extension 250.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen". The signature is fluid and cursive, with the first name "Jeff" and last name "Derouen" clearly distinguishable.

Jeff Derouen
Executive Director