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November 14, 2012

W. Randall Jones, Esq.
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202

Bruce E. Smith, Esq.
201 South Main Street
Nicholasville, Kentucky 40356

Robert M. Watt III, Esq.
Stoll Keenon Ogden PLLC
300 West Vine Street
Suite 2100
Lexington, Kentucky 40507-1801

Re: Case No. 2012-00470
Jessamine-South Elkhorn Water District

Gentlemen:

The enclosed memorandum has been filed in the record of the above-referenced case. Any comments regarding this memorandum's contents should be submitted to the Commission within five days of receipt of this letter. Any questions regarding this memorandum should be directed to Gerald Wuetcher, Executive Advisor/Attorney, at (502) 564-3940, Extension 259.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

gw
Enclosure

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2012-00470

FROM: Gerald Wuetcher **GEW**
Executive Advisor/Attorney

DATE: November 13, 2012

RE: Conference Call of November 8, 2012

On November 8, 2012, Commission Staff held a telephone conference call in this matter to discuss a procedural schedule. Participating in the conference were:

Eddie Beavers	-	Commission Staff
Gerald Wuetcher	-	Commission Staff
W. Randall Jones	-	Jessamine-South Elkhorn Water District
Bruce Smith	-	Jessamine-South Elkhorn Water District
Robert M. Watt	-	Intervenors

Beginning the conference, Mr. Wuetcher also stated that Commission Staff would prepare minutes of the conference for the case record, that a copy of the minutes would be provided to all parties, and that all parties would be given an opportunity to submit written comments upon those minutes.

Mr. Wuetcher inquired about any time considerations to setting a procedural schedule. Mr. Jones stated that the present bids on the proposed facilities would expire on December 1, 2012. He and Mr. Smith stated that the Water District had no assurance that the winning bidder would extend the time of its bid and that any extension might adversely affect the terms of the winning bid. Mr. Jones also noted that a lengthy review period increased the Water District's financial risks as current financial conditions were uncertain and potentially volatile.

Mr. Watt responded that, given the Intervenors' complaint in Case No. 2011-00138, the Water District should have been fully aware of the possibility of a lengthy Commission review and incorporated such possibility into its planning. He stated that the Water District had the burden of proof in this matter and that discovery and a hearing were necessary to ensure the Intervenors' right to due process. He further stated that the Water District should be required to file written testimony.

Mr. Smith countered that previous Commission proceedings involving similar types of water improvement projects had been decided without any hearing and on

documentary evidence of same quantity and quality that Jessamine-South Elkhorn had provided in its application. Mr. Watt replied that in his experience before the Commission greater supporting evidence had been expected and that a hearing was standard.

Noting that agreement on a procedural schedule did not appear likely, Mr. Wuetcher suggested that the Intervenors formally move for a hearing and procedural schedule. Such motion would place the matter before the Commission and allow both parties to present their views. Mr. Watt agreed to submit his motion by November 9, 2012 and to serve a copy upon the Water District's counsel by electronic mail. Mr. Smith stated that the Water District would respond no later than November 16, 2012.

The participants discussed the incorporation of the record of Case No. 2011-00138. They agreed that the incorporation of that record might assist the Commission's review. Mr. Wuetcher stated that the Commission would inform the parties of its decision regarding incorporation of the record by Order. He further advised that participants that Commission Staff would likely issue a request for information to the Water District within a few days. He agreed to advise the parties by electronic mail as soon as the request was issued.,

The conference then adjourned.

cc: Parties of Record