



CITY OF GREENSBURG

"Bridging the Past and the Future!"

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OCT 09 2009

PUBLIC SERVICE
COMMISSION

October 8, 2009

Jeff Derouen
Kentucky Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

Dear Mr. Derouen:

Please consider this the 30 day notice required for the City of Greensburg to adjust its wholesale water rate for service to the Green-Taylor Water District.

The water district was notified of the increase via a letter sent on July 20th, 2009. (See Copy Attached)

The rate was approved in City Ordinance Number 2009-0706.

Enclosed is a proposed tariff sheet with an effective date of November 9, 2009, and a copy of the PSC notice that was sent to the district on October 8, 2009.

The new rate was established based on a financial review by both Bell Engineering (See Attached) and the City's independent accountant, which noted based on last year's cost alone just to break even the City would have to increase rates across the board to residents as well as the water district by 14.81%. It was also noted that these numbers did not include the increased cost of newly mandated testing, chemicals or pension cost. It should also be noted the City of Greensburg, prior to this increase, has raised the rates to our own citizens twice over the last few years without raising the rate to the Green – Taylor Water District. Without this increase, the financial solvency of the City's Water Utility is questionable and could cause the City to default on its current bonded debt.

The Green – Taylor Water District has requested by letter that we review our numbers with them and their representative Ms. Carryn Lee (See Attached). We will be happy to do so however, given the dire financial situation the system is in, we can not allow those discussions to slow down the process through PSC.

Mayor George C. "Lisle" Cheatham, II