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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
Before the Public Service Commission

In the Matter of:

APPLICATION OF FRANCIS WATER)
COMPANY FOR APPROVAL OF AN)
ADJUSTMENT IN RATES, FINANCING,)
AND AN INCREASE IN)
NON-RECURRING CHARGES)

Case No. 2004-00364-338

NOTICE OF FILING

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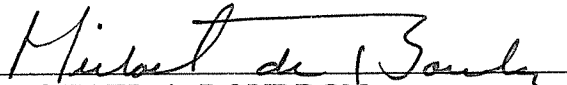
Comes **FRANCIS WATER COMPANY**, by and through the undersigned counsel, and in compliance with the Commission's Order dated May 18, 2005, states as follows:

1. That pursuant to the aforesaid Order, Francis Water Company was ordered to explore a regionalization venture whereby it would purchase its water requirements from a regional water supplier. Francis Water Company has made such an analysis and has determined that an annual cost to purchase its water would be \$109,368.00 and the cost to produce its own water would be \$66,516.00. Attached hereto and made a part of this Notice of Filing is a two (2) page document signed by Darrell Madden, the accountant for Francis Water Company, which the undersigned counsel feels adequately complies with the Commission's Order and trusts and prays the Commission so finds.

WHEREFORE, FRANCIS WATER COMPANY, by and through the undersigned counsel, respectfully moves the Commission that a Final Order resolving all matters herein

be so entered.

Respectfully submitted,


MICHAEL de BOURBON
PRUITT and de BOURBON LAW FIRM
P.O. BOX 339
PIKEVILLE, KENTUCKY 41502
(606) 437-7366

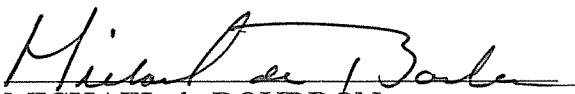
CERTIFICATE OF SERVICE

This is to certify that a true copy of the foregoing Notice of Filing was duly mailed to the following:

Hon. Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

Hon. David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

This 9 day of June, 2005.


MICHAEL de BOURBON

DARRELL MADDEN, CPA
Certified Public Accountant

PO Box 529
HINDMAN, KY 41822

TELEPHONE
(606) 785-5046
1-800-287-8922
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785-4955

June 3, 2005

Ms. Beth O'Donnell
Executive Director
Public Service Commission
Commonwealth of Kentucky
Frankfort, Kentucky 40602

RE: Francis Water Company, Inc.
P.O. Box 38
Garrett, Kentucky 41630

Dear Ms. O'Donnell,

This letter is being sent on behalf of the above named entity pursuant to the Commonwealth of Kentucky Public Service Commission (Commission) order dated the 18th of May 2005 pursuant to case number 2004-00338. A copy of this order is attached for your convenience.

In this order Francis Water Company Inc. (Francis) was to investigate the feasibility of purchasing its water from a regional water supplier and any other feasible regionalization venture and is to submit a written report, on or before the 13th of June 2005, to the Commission. This analysis was done pursuant to this order.

Prices were obtained from the two closest utilities in an effort to determine the cost of purchasing the water. The results of these inquiries yielded the following rates:

Prestonsburg City Utilities	- \$3.00/thousand gallons
Southern Waterof Floyd County	- \$2.40/thousand gallons.

Prestonsburg City Utilities would involve a line extension of approximately 15 miles. Given this issue along with the fact that they have a higher price leaves Southern Water as the only provider. The analysis is therefore based on the purchased water costing \$2.40/thousand gallons.

Francis expenses to produce its own water using figures determined by yourselves (Mr. Jack Kaniberg of the Public Service Commission) in the allocation of operation and maintenance expense in the rate increase of January 2005 yields the following as the cost to produce the water.

*Three Employees Salaries (Wages) \$30,334, \$19,855, & \$3,000 -	\$53,189
*Payroll Taxes/Benefits at 10%	5,319
*Chlorine (Per Year)	1,200
*Utilities For Pumps (Per Year)	1,400
*McCoy & McCoy Testing (Per Year)	5,298
*Plant Operator Testing of Water, PH, Chlorine, & Turbidity	110

Total Annual Cost To Produce Water \$66,516

Francis currently has the need of approximately 1,950,000 gallons per month. If they purchase the water they must still maintain two employees for field and line repairs, customer service, valve repairs, meter reading, flushing lines, flushing hydrants, customer billings, meter record reports, building inspection, material purchases, and many other necessary functions. Given these factors yields the following as the cost to purchase the water.

*Purchase Price of Water (\$2.40/th. gallons)	\$56,160
*Employees	50,189
*Payroll Taxes/Benefits at 10%	5,019

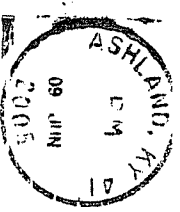
Total Annual Cost To Purchase Water \$109,368

It, therefore, appears to be in the best interest of the consumer to allow Francis to produce its own water.

Sincerely,

Darrell Madden, CPA
Darrell Madden, CPA

Pruitt & de Bourbon Law Firm
P.O. Box 339
Pikeville, KY 41502



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Hon. Beth O'Donnell
Executive Director
Public Service Commission
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