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ATTORNEY AT LAW

July 22, 2005

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PUBLIC SERVICE
COMMISSION

Ms. Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RE: Case No. 2004-00511
Grayson County Water District
(General Rates)

Dear Ms. O'Donnell:

Enclosed is the original and ten (10) copies of the Grayson County Water District's
Comments to the Staff Report Prepared by Commission Staff.

Yours truly,

DAMON R. TALLEY, P.S.C.



DAMON R. TALLEY, ATTORNEY FOR
GRAYSON COUNTY WATER DISTRICT

DRT:ms

Enclosures

cc: David Edward Spenard, Assistant Attorney General
Grayson County Water District

COMMONWEALTH OF KENTUCKY

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BEFORE THE PUBLIC SERVICE COMMISSION

THE APPLICATION OF GRAYSON)
COUNTY WATER DISTRICT FOR)
A GENERAL RATE ADJUSTMENT,)
TO INCREASE NON-RECURRING)
CHARGES, TO INCREASE TAP FEES,)
AND TO REVISE ITS TARIFF)
PURSUANT TO THE PROVISIONS)
OF KRS 278.030, 278.0152, 807 KAR 5:001)
and 807 KAR 5:011)

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COMMISSION

CASE NO. 2004-00511

*** ** *** ** *** ** *** ** ***

**COMMENTS OF GRAYSON COUNTY WATER DISTRICT
TO STAFF REPORT AND WAIVER OF HEARING**

The Applicant, GRAYSON COUNTY WATER DISTRICT ("Grayson"), by Counsel, makes the following comments to the recommendations contained in the Staff Report and waives its right to an evidentiary hearing in this matter. Grayson states as follows:

1. Grayson **accepts** the findings and recommendations regarding the proposed rates, tariff revisions, and non-recurring charges contained in the Staff Report and Cost of Service Study prepared by Commission Staff.

2. Grayson **waives** its right to an evidentiary hearing in this matter.

3. Grayson believes that conducting an informal conference in this matter is unnecessary and will unduly delay the Commission's decision.

4. Grayson urges the Commission to accept the findings and recommendations contained in the Staff Report and to issue, as expeditiously as possible, an Order approving the rates recommended by Commission Staff and set forth in Sheets 6 and 7 of the Cost of Service Study portion (Attachment D) of the Staff Report.

5. Grayson needs to implement the new rates as quickly as possible. The Staff recommended rates will generate increased revenues of \$290,135 over normalized test year revenues. This is more than \$24,000 per month in new revenues. Grayson's financial condition has continued to deteriorate during the pendency of this case. The new rates recommended by Commission Staff will stop the deterioration and will commence the process toward restoring Grayson to a sound financial condition. For these reasons, Grayson implores the Commission to approve the Staff recommended rates as quickly as possible.

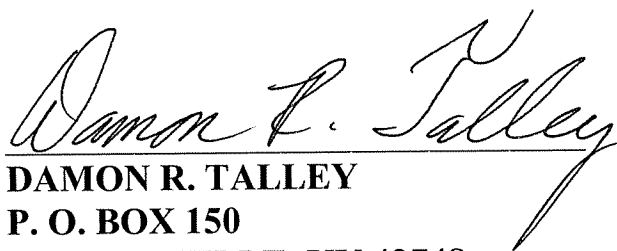
6. With respect to non-recurring charges and tap fees, Grayson urges the Commission to accept the findings and recommendations contained on page 2 of the Staff Report. The Commission should issue an Order approving the proposed non-recurring charges and tap fees.

7. With respect to its proposed tariff language, Grayson agrees with Commission Staff's recommendations concerning the section labeled "AF. Water Main Extensions." Accordingly, Grayson withdraws the proposed Section AF and requests that its current tariff provision regarding main extension refunds, other than to developers, remain in effect.

This 22nd day of July, 2005.

Respectfully submitted,

**GRAYSON COUNTY WATER
DISTRICT**



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