

Ernie Fletcher
Governor

Teresa J. Hill, Secretary
Environmental and Public
Protection Cabinet

Timothy J. LeDonne
Commissioner
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Joe Hammond
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Mark David Goss
Chairman

John W. Clay
Commissioner

July 26, 2007

RE: Case No. 2006-00303

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

BOD/tw
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE MANAGEMENT)
AND OPERATION OF MARTIN COUNTY) CASE NO. 2006-00303
WATER DISTRICT)

ORDER

Barrington-Wellesley Group, Inc.,¹ a management consultant firm that the Commission retained to perform a management audit of Martin County Water District ("Martin District"), has filed with the Commission a final report of its findings and recommendations regarding Martin District's operations and finances and its action plan for implementing these recommendations. The firm represents that Martin District is in agreement with these recommendations.

KRS 278.280(1) provides that whenever the Commission, after hearing had upon reasonable notice, finds the rules, practices or service of any utility subject to its jurisdiction are unreasonable, improper, inadequate or insufficient, it shall determine the reasonable, proper, adequate and sufficient practices and methods to be followed and shall fix the same by order.

Based upon our review of the auditor's reports, we find that the auditor's findings and recommendations may serve as the basis for a determination of the practices and methods that Martin District should employ to furnish water service. Prior to the issuance of any Order that mandates that the water district implement the auditor's

¹ Barrington-Wellesley Group, Inc. recently changed its name and is now known as the Huron Consulting Group.

recommendations, KRS 278.280(1) requires that Martin District be afforded an opportunity to request a hearing in this matter, comment in greater detail upon the auditor's findings and recommendations, and present any relevant evidence on those findings and recommendations.

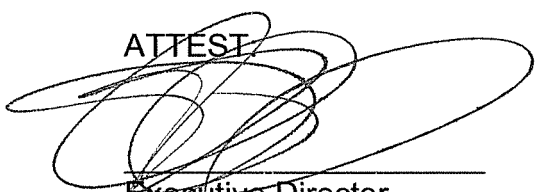
IT IS THEREFORE ORDERED that:

1. Martin District shall have 20 days from the date of this Order to:
 - a. Submit to the Commission a written request for a hearing in this matter;
 - b. Advise the Commission in writing of its desire to submit discovery requests or written comments on the auditor's findings and recommendations;
 - c. Show cause in writing why the Commission should not rely upon the auditor's findings and recommendations to determine the practices and methods that Martin District should employ to furnish water service;
 - d. Advise the Commission in writing that it concurs with the auditor's findings and recommendations and waives its right to a hearing in this matter.
2. If the Commission does not receive within that time period any request for hearing or leave to conduct discovery, Martin District shall be deemed to have waived its right to a hearing in this matter and this matter shall stand submitted for decision.

Done at Frankfort, Kentucky, this 26 day of July, 2007.

By the Commission

ATTEST



Executive Director

Case No. 2006-00303