

Jackson Co. Water Association

P.O. Box 232

Tyner, Ky. 40486

Telephone: (606) 287-7000

Fax: (606) 287-7003

Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

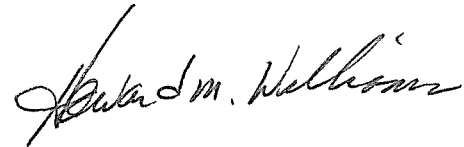
APR 26 2007

PUBLIC SERVICE
COMMISSION

Dear Ms. O'Donnell

We realize we are late on our response to the Commission's order in Case No. 2006-00467. We are requesting that our response be considered even though it is late.

Sincerely



Howard Williams

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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APR 26 2007

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF JACKSON COUNTY)
WATER ASSOCIATION, INC. FOR APPROVAL) Case No. 2006-00467
OF A PROPOSED INCREASE IN RATES)

JACKSON'S RESPONSE TO STAFF REPORT

Staff increased program income by \$72,663 as noted on Attachment B of the Staff Report. Jackson included in its other operating revenue money received from sales from wholesale customers. Jackson received \$17,573 from Beattyville, \$8,051 from Mckee, \$33,289 from Rockcastle County and \$1,880 in bulk sales. These amounts are included in the test year and proposed billing analysis. The total reflected in other operating income of \$72,663, includes \$60,793 from bulk sales. Jackson should have included an explanation of this adjustment. Some of the other revenue includes sales of supplies to applicants for service. The association will purchase pipe on behalf on the applicant and is reimbursed the actual cost of the supplies. Jackson does not have a separate account for this fund and cannot determine the amount in other revenue that includes purchased for applicants for service.

Staff made an adjustment to decrease bad debt expense from \$35,352 to \$7,648 a decrease of \$ 27,205. To support this adjustment, Staff reviewed the bad debt expense of East Laurel Water District, West Laurel Water District and Harrison County Water District.

Jackson has reviewed the 2000 Census, showing information for the utilities listed above and for Booneville and Jackson County.

East and West Laurel – London. Unemployment rate is 3.4% and median family income is \$34,340.

Harrison County Water District – Cynthiana. Unemployment rate is 2.5% and median family income is \$34,691.

City of Booneville – Booneville - Unemployment rate is 3.3% and median family income is \$17,500 .

Jackson County Water District – Unemployment rate is 4.3% and median family income is \$23,638. The ability to pay a water bill is directly connected to one's income. Water costs for a median family income of \$23,638 are a much greater percentage of the family's income as opposed to an area where the median family income is \$34,691 as in Harrison County. Additional information on Kentucky Census is available at www.factfinder.census.gov

Jackson County requests Staff reconsider its adjustment of bad debt expense. Jackson is appreciative of Staff's willingness to assist Jackson in its collection of bad debt expense. Jackson intends to work harder at collecting bad debts however, Jackson County is located in an impoverished area where many customers simply cannot afford to pay their water bill.

Should Staff have any questions please advise.

Sincerely,

A handwritten signature in cursive script that reads "Howard M. Williams".

Howard M. Williams, President
Jackson County Water Association, Inc.