

HENSLEY & ROSS

Attorneys at Law

Robert B. Hensley
Patrick A. Ross
Nathaniel Crenshaw

P. O. Box 350
207 East Main Street
Horse Cave, KY 42749

Phone: 270-786-2155
Fax: 270-786-2118
hrh@scrtc.com

January 14, 2010

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
PO Box 615
Frankfort, KY 40601

Office of the Attorney General
Rate Intervention Division
1024 Capitol Center Drive, Suite 200
Frankfort, KY 40601

RE: Case No. 2009-00455
Green River Valley Water District

Green River Valley Water District offers the following response to Commission staff's letter of January 7, 2010 regarding filing deficiencies to its application for a rate increase.

807 KAR 5:001: Section 10(1)(b)(8). In discussion with Staff it was brought to our attention that the comparisons set out in Exhibit 3 of the application did not show the wholesale rate or the revisions to the non recurring charges. Proposed tariff changes are attached that sets out each revision.

807 KAR 5:001: Section 10(3)(b). The present and proposed rates for each customer class are shown on the same sheet as required in Section 10(1)(b)(8).

807 KAR 5:001: Section 10(6)(a). Green River Valley proposes to adjust its purchased water expense due to an increase from the city of Glasgow. The notice from Glasgow

RECEIVED

JAN 21 2010

**PUBLIC SERVICE
COMMISSION**

is attached. The commitment from Kentucky Rural Water Finance Corporation for financing is also attached. No other adjustments have been requested.

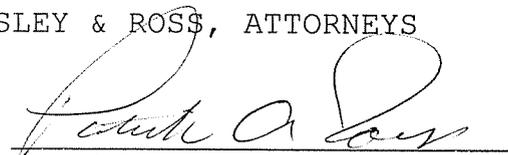
807 KAR 5:001: Section 10(6)(b)&(c). Testimony attached.

807 KAR 5:001: Section 10(7)(d). Green River Valley requests a deviation from this requirement. No expense is anticipated to significantly increase. Only purchased water expense has been considered.

Yours truly,

HENSLEY & ROSS, ATTORNEYS

By:



Patrick A. Ross, Attorney
for Green River Valley
Water District

807 KAR 5:001: Section 10(1)(b)(8) and Section 10(3)(b)

		Proposed Rates	Current Rates
5/8 x 3/4 Inch Meter	First 2,000	\$ 17.21	\$ 14.34
	Next 8,000	4.71	3.62
	Next 10,000	3.93	3.02
	Next 30,000	3.39	2.61
	Next 50,000	3.06	2.35
	Over 100,000	2.96	2.28
1 Inch	First 5,000	\$ 31.34	\$ 24.12
	Next 5,000	4.71	3.62
	Next 10,000	3.93	3.02
	Next 30,000	3.39	2.61
	Next 50,000	3.06	2.35
	Over 100,000	2.96	2.28
1 1/2 Inch	First 10,000	\$ 54.89	\$ 42.88
	Next 10,000	3.93	3.02
	Next 30,000	3.39	2.61
	Next 50,000	3.06	2.35
	Over 100,000	2.96	2.28
2 Inch	First 16,000	\$ 78.47	\$ 64.32
	Next 4,000	3.93	3.02
	Next 30,000	3.39	2.61
	Next 50,000	3.06	2.35
	Over 100,000	2.96	2.28
Wholesale		\$ 2.14	\$ 1.58
Deposits		2/12 Estimated Annual Bill	50.00
5/8 Inch Connection		750.00	625.00
1 Inch Connection		Actual Cost	770.00
Leak Adjustment		Average usage at current rate. All over - cost of production.	\$1.18 first 250,000. All over at .82 per 1,000
Fire Departments		\$200.00 for failure to submit report.	

Current rates shown were approved in Case No. 2004-00285 dated 8-23-04. Green River was under the impression that tariff changes reflecting the rates approved in Case No. 2004-00285 had been made and were on file with the PSC. Upon review of the PSC web site, changes have not been made. Green River does not have a stamped copy of the rates in its files.

These rates apply to all the customer classes served by Green River Valley WD. Section 10(3)(b).

SCOTT YOUNG, MANAGER
BILLY R. CARVER, JR., ASSISTANT MANAGER
PHONE: (270) 651-3727
FAX: (270) 651-1651
P.O. BOX 819
GLASGOW, KENTUCKY 42142-0819



BOARD OF COMMISSIONERS:
JERRY A. BOTTS, CHAIRMAN
BUDDY UNDERWOOD, VICE CHAIRMAN
WOODFORD L. GARDNER, JR., SECRETARY-TREASURER
JIM MARION, COUNCIL REPRESENTATIVE
DARRELL G. PICKETT, MEMBER-MAYOR

Glasgow Water and Sewer Commission

May 16, 2008

Green River Valley Water District
P.O. Box 399
Cave City, KY 42127

RE: Wholesale Rate Increase

Dear Wholesale Customer:

Due to increased operating expenses the Glasgow Water and Sewer Commission has determined that our wholesale water rate must be increased. The current wholesale rate of \$1.40 per one thousand gallons has been in effect for over five years. The new rate will be an increase of 55 cents per one thousand gallons. However, the new rate will be phased over a two year period as follows: On July 1, 2008, the wholesale rate to be charged for water purchased on and after that date shall be \$1.75 per one thousand gallons. On July 1, 2009, the wholesale rate to be charged for water purchased on and after that date shall be \$1.95 per one thousand gallons.

The rate change will be effective July 1, 2008, however it will not appear on your bill until August, because it will apply only to water used after July 1, 2008.

A detailed rate analysis was performed to determine the necessary rate increase. The analysis addresses both wholesale and retail rates independently and examines expenses attributed to the wholesale rate. Approximately 34% of all water sold by the Glasgow Water Company provides service to our wholesale customers. The rate analysis indicates that the current rate is among the lowest in the state of Kentucky while the proposed rate is below the \$1.97 average of wholesale rates available on the Public Service Commission's website.

Enclosed you will find a Public Service Commission tariff sheet, a copy of the wholesale water rate ordinance, and a copy of the cost study analysis used to determine the new wholesale rate.

The Glasgow Water Company appreciates the great working relationship with your utility and will always work diligently with you in the supply of water to your customers. If you have any questions regarding the matter please contact me anytime.

Respectfully,

A handwritten signature in black ink, appearing to read "S. Young", written over a white background.

Scott Young, Manager
Glasgow Water Company

Morgan Keegan & Co., Inc.
489 East Main Street
Lexington, Kentucky 40507
(859) 232-8249
WATS: (800) 937-0161
FAX: (859) 232-8259
Members New York Stock Exchange, Inc.

February 16, 2008

Mr. David Paige
Green River Valley Water District
Post Office Box 399
Cave City, Kentucky 42127

Dear Mr. Paige:

Thank you for submitting an application for funds through the Kentucky Rural Water Finance Corporation ("KRWFC") Flexible Term Finance Program.

Please accept this document as an official letter of commitment to provide financing to the Green River Valley Water District. The financing will encompass matching funds in the amount of \$6,500,000, as well as other funding for the related project. This commitment is contingent upon receipt and execution of all final loan documents, and the ability to meet debt coverage requirements. Once the executed loan documents are returned to KRWFC and all regulatory conditions met, funding for your project will be available.

Thank you for applying for funding with the KRWFC. Should you have any questions, please feel free to contact me at 859-232-8249.

Sincerely,

/s/Kristen Millard

Kristen Millard

cc: Gary Larimore, KRWFC

RESOLUTION

RESOLUTION OF THE GREEN RIVER VALLEY WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT WITH THE KENTUCKY RURAL WATER FINANCE CORPORATION FOR THE PURPOSE OF FINANCING A CONSTRUCTION PROJECT OF THE DISTRICT

WHEREAS, the Board of Commissioners ("Governing Authority") of the Green River Valley Water District (the "District") has previously determined that it is in the public interest to make improvements and extensions to the District's waterworks and water distribution system (the "System");

WHEREAS, the District desires the Kentucky Rural Water Finance Corporation (the "Corporation") to act as its agency and instrumentality for the purpose of providing monies to finance the cost of said improvements and extensions, including upgrade and extension of water mains, and construction of a clearwell addition and a water storage tank, with appurtenances (the "Project") and has made an application to the Corporation therefore;

WHEREAS, in order to obtain such monies, the District is required to enter into an Assistance Agreement with the Corporation; and

NOW, THEREFORE, BE IT RESOLVED by the Governing Authority of the Green River Valley Water District, as follows:

1. Authorization of Assistance Agreement and the Obligations Thereunder. For the purpose of paying the costs, not otherwise provided, of the financing of the Project, the District hereby authorizes and approves the issuance of its obligations pursuant to the Assistance Agreement in the aggregate principal amount of \$5,105,000 (subject to adjustment plus or minus ten percent (10%)) [the "Obligations"], which amount as adjusted shall be the maximum amount of such Obligations to be outstanding at any one time under the Assistance Agreement, issued as fully registered Obligations, in said maturities and terms as more fully provided for in the Assistance Agreement. The Obligations shall bear interest at such rates and shall be payable in such amounts and at such times as specified in the Assistance Agreement, all as agreed upon by the District and the Corporation.

2. Approval and Authorization of Execution of Assistance Agreement. The Assistance Agreement by and between the District and the Corporation in the respective form attached to this Resolution, is hereby approved, subject to such minor changes, changes of dates, insertions or omissions as may be approved by the Chairman, such approval to be conclusively evidenced by the execution of said Assistance Agreement, in order to effectuate the purposes of this Resolution; and the Chairman, or any other officer of the District, is hereby authorized to execute and acknowledge same for and on behalf of the District; and the Secretary is authorized to attest same and to affix thereto the corporate seal of the District. The Assistance Agreement is hereby ordered to be filed in the office of the Secretary with this Resolution in the official records of the District.

3. Disbursement of Proceeds of Obligations. The District's officers, employees and agents are authorized to carry out the procedures specified in the Assistance Agreement for the financing of the Project and for the payment from time to time of the costs and related expenses associated therewith.

4. Revenues of the Project. The revenues of the System are determined to be sufficient to pay the principal of and interest on the Obligations, as the same become due and payable; and said revenues, pursuant to the terms of the Assistance Agreement, are hereby pledged to secure all such payments, and in addition, for such other purposes as are more fully specified in the Assistance Agreement.

5. Chairman and Other District Officials to Take Any Other Necessary Action. Pursuant to the Constitution and Laws of the Commonwealth of Kentucky, the Chairman, the Treasurer, the Secretary and all other appropriate officials of the District are hereby authorized and directed to file any and all applications necessary to obtain approval of the issuance of the Obligations from the Kentucky Public Service Commission and to take any and all further action and to execute and deliver all other documents as may be reasonably necessary to effect the issuance and delivery of the Obligations and the Assistance Agreement.

6. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions hereof.

7. Captions of Clauses. The captions of this Resolution are for convenience only and are not to be construed as part of this Resolution nor as defining or limiting in any way the scope or intent of the provisions hereof.

8. Provisions in Conflict Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

9. Effective Date of Resolution. This Resolution shall take effect from and after its adoption and approval.

Adopted on August 13, 2009.

GREEN RIVER VALLEY WATER
DISTRICT

By 
Chairman

Attest:

By 
Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Green River Valley Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Governing Authority of the Green River Valley Water District at a meeting duly held on August 13, 2009; that said official action appears as a matter of public record in the official records or Journal of the Governing Authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this August 13, 2009.


Secretary