

**WESTERN LEWIS RECTORVILLE WATER AND GAS DISTRICT**  
**8044 KY 3160**  
**Maysville, KY 41056**

**RECEIVED**

**AUG 01 2017**

**PUBLIC SERVICE  
COMMISSION**

July 25, 2017

Public Service Commission  
Attn: Talina R Mathews, Executive Director  
211 Sower Blvd.  
PO Box 615  
Frankfort, KY 40602-0615

RE: Western Lewis-Rectorville Water and Gas District  
Case No. 2017-00074 – Response to recommendation dated July 17, 2017

Overall we understand and accept what was changed by the Commission with regard to our Pro Forma Operating Statement. There are, however, a few findings we would like to address as noted below.

In the Summary of Findings #3, the Commission discusses the allocation and assignment of costs between the water and gas divisions. After reviewing the issue with the Board, it has been agreed that the accounting procedures and internal controls relating to the proper assignment and allocation of funds need to be addressed. The Board plans to begin this process immediately and work to complete the transition within the next year.

In the Summary of Findings #3(D), the Commission brings to the attention of the District that the commissioner's fee increase was not properly approved by the county judge/executive. The Board's attorney is currently working to get this matter resolved and the increase approved through the required channels.

In the Summary of Findings #3(I), the Commission states that "...the seven cited deficiencies is evidence that the contract with RussMar is not providing Western Lewis with the expected operational benefits." According to Chad Clark, General Manager, RussMar is providing the services set out in the contract. RussMar provided Western Lewis Rectorville Water & Gas District (WLRW&GD) with the required survey, inspections, readings, program implementations and reports. Any deficiencies or issues found by RussMar in the provided reports were to be corrected by WLRW&GD, not RussMar. WLRW&GD contracts with Russ Mar to perform services that they themselves do not have the equipment to complete. Additionally, it would not be cost effective for them to purchase the necessary equipment. WLRW&GD is currently in the process of correcting the seven deficiencies cited in the periodic inspection.

Taking into consideration the above comments, we accept the rates as recommended by the Commission.

This information was provided by Chad Clark, General Manager and, Lyn Rhonemus, CPA. The information provided is true and accurate to the best of our knowledge, information and belief formed after a reasonable inquiry.

Chad Clark

Chad Clark, General Manager

07/27/2017

Date

Lyn Rhonemus, CPA

Lyn Rhonemus, CPA

7/27/17

Date