

MATHIS, RIGGS & PRATHER, P.S.C.
ATTORNEYS AT LAW
500 MAIN STREET, SUITE 5
SHELBYVILLE, KENTUCKY 40065

C. LEWIS MATHIS, JR.
T. SHERMAN RIGGS
DONALD. T. PRATHER
NATHAN T. RIGGS

TELEPHONE: (502) 633-5220
FAX: (502) 633-0667

E-MAIL: dprather@iglou.com

December 15, 2008

Stephanie Stumbo, Executive Director
Kentucky Public Service Commission
211 Sower Blvd
P.O. Box 615
Frankfort, KY 40602

RECEIVED

DEC 17 2008

PUBLIC SERVICE
COMMISSION

Re: U.S. 60 Water District of Shelby and Franklin Counties, Kentucky
Case No. 2008-00345

Dear Ms. Stumbo:

Enclosed for filing in the record of the captioned case is a copy of my December 8, 2008 letter to John Johnson of Rural Development and State Director Kenneth Stone's December 11, 2008 letter to the District whereby Rural Development consents to the elimination of the construction surcharge. The District looks forward to the Commission's Order as soon as possible. Please contact me if you need any further information to process this request.

Yours truly,

MATHIS, RIGGS & PRATHER, P.S.C.

By: 

Donald T. Prather

DTP/mew

Enc

Cc: William Eggen, Chairman
Darrell Dees, Manager

MATHIS, RIGGS & PRATHER, P.S.C.

ATTORNEYS AT LAW
500 MAIN STREET, SUITE 5
SHELBYVILLE, KENTUCKY 40065

C. LEWIS MATHIS, JR.
T. SHERMAN RIGGS
DONALD. T. PRATHER
NATHAN T. RIGGS

TELEPHONE: (502) 633-5220
FAX: (502) 633-0667

E-MAIL: mrp@iglou.com

December 8, 2008

John Johnson
United States Department of Agriculture
Rural Development
90 Howard Drive, Suite 3
Shelbyville, Kentucky 40065

Re: U.S. 60 Water District of Shelby & Franklin Counties,
Kentucky

Dear Mr. Johnson:

Earlier this year, U.S. 60 Water District (the "District") implemented new water rates approved by Rural Development. Those rates included, for the first time ever, a fire hydrant rental in the amount of \$5.00 per month per hydrant to be paid by fire districts, and rental for private parties of \$5.00 per month per hydrant. This charge created a political firestorm and the District was requested to eliminate this charge.

The main reason for instituting this charge was to recoup the cost of water used by the District in firefighting and especially in training. More importantly, many fire departments have refused to comply with the District's request that they report such usages to the District so that it can consider those water quantities in its water loss reports to PSC. Accordingly, the District decided to replace the hydrant rental fee with a formal requirement that fire departments report to the District water usage for these purposes, require the fire departments to refrain from using water for training purposes during water shortage conditions, and implement a penalty and a charge for water consumed if the fire department does not comply with the reporting requirements. This is a rule favored by the Kentucky Public Service Commission ("PSC").

The District's CPA has reviewed the District's finances and concluded that the elimination of the \$5.00 per month hydrant rental fee will not impact the District's financial circumstances in any significant way. Additionally, the District has significant reserve funds to offset any possible impact.

The District has submitted this proposed tariff to the PSC for approval. I enclose a copy of the proposed regulation for your review. PSC has requested the District to obtain a letter from Rural Development concurring with this change in the District's tariffs.

In addition to the above, the District requests permission to eliminate the Woodlawn Project waterline construction surcharge imposed on certain customers in 1993. As you may recall, it was originally scheduled to continue for approximately 20 years. I enclose a copy of the Motion which was filed by the District with the PSC regarding this matter.

As you will see from the Motion, the surcharge was originally used because the District was very low in unrestricted cash and was unable to contribute any significant funds to the project. In contrast, the District now has over \$850,000.00 in unrestricted funds. The customers have paid most of the construction costs through their surcharges over the last 15 years. The District wishes to pay off the remaining portion of the surcharge loan in the amount of \$63,354.25 from its unrestricted funds. PSC has likewise requested a letter of concurrence from Rural Development regarding this matter.

Incidentally, several years from now, the District intends to ask Rural Development and PSC for permission to pay off and eliminate its remaining surcharge, after it has also been in effect for 15 years, although that request is not a portion of this request. We are providing you with notice of this intention so that you will know we are treating all of our customers the same.

Please feel free to contact me if you have any questions regarding this request. As always, the District appreciates the support you and Rural Development have given it over the years.

Yours Truly,

MATHIS, RIGGS & PRATHER, P.S.C.

By: 

Donald T. Prather

DTP/pm

Cc: William Eggen, Chairman

Darrell Dees, Manager

Warner A. Broughman, III, Engineer

Dtp/wtr/us60/rural dev/Johnson Itr 3



RECEIVED DEC 12 2009

United States Department of Agriculture
Rural Development
Kentucky State Office

December 11, 2008

Mr. William Eggen, Chairman
US 60 Water District
PO Box 97
Bagdad KY 40003

Dear Mr. Eggen:

This letter is in response to Donald T. Prather, Attorney-At-Law, request for Rural Development concurrence in the water district change in tariff.

Rural Development has no objection to the fire hydrant charge and the surcharge as mentioned in the letter being removed from the water district's tariff. The fire hydrant charge did not generate significant revenue that will affect the water district ability to repay the loan as the water district has some cash reserves. The prior surcharge and normal growth of customer count has improved the water district financial capacity.

If there are any questions, please contact this office at (859) 224-7336.

Sincerely,


Kenneth Stone
State Director

CC: Donald Prather – Shelbyville, KY

771 Corporate Drive - Suite 200 - Lexington, KY 40503
Phone: (859) 224-7336 - Fax: (859) 224-7344 - TDD: (859) 224-7422 - Web: <http://www.rurdev.usda.gov/ky>

Committed to the future of rural communities

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights,
1400 Independence Avenue, SW, Washington, DC 20250-9410
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD)

**MATHIS, RIGGS & PRATHER, P.S.C.
ATTORNEYS AT LAW
500 MAIN STREET, SUITE 5
SHELBYVILLE, KENTUCKY 40065**

**C. LEWIS MATHIS, JR.
T. SHERMAN RIGGS
DONALD. T. PRATHER
NATHAN T. RIGGS**

**TELEPHONE: (502) 633-5220
FAX: (502) 633-0667**

E-MAIL: dprather@iglou.com

December 15, 2008

Stephanie Stumbo, Executive Director
Kentucky Public Service Commission
211 Sower Blvd
P.O. Box 615
Frankfort, KY 40602

Re: U.S. 60 Water District Fire Department Rule
Case No. 2008-00045

Dear Ms. Stumbo:

Enclosed for filing in the record of the captioned case is a copy of my December 8, 2008 letter to John Johnson of Rural Development, and State Director Kenneth Slone's December 11, 2008 letter to the District, being filed pursuant to the request of staff attorney Gerry Weutcher. The District looks forward to the Commission's Order approving the new fire department rule and new rates and charges tariff eliminating the fire hydrant rental fee as soon as possible. Please contact me if you need any further information to process this request.

Yours truly,

MATHIS, RIGGS & PRATHER, P.S.C.

By 
Donald T. Prather

DTP/mew
Enc.
Cc: William Eggen, Chairman
Darrell Dees, Manager
DTP/wtr/us60/rural dev/Stumbo. Stephanie - letter

MATHIS, RIGGS & PRATHER, P.S.C.
ATTORNEYS AT LAW
500 MAIN STREET, SUITE 5
SHELBYVILLE, KENTUCKY 40065

C. LEWIS MATHIS, JR.
T. SHERMAN RIGGS
DONALD. T. PRATHER
NATHAN T. RIGGS

TELEPHONE: (502) 633-5220
FAX: (502) 633-0667

E-MAIL: mrp@iglou.com

December 8, 2008

John Johnson
United States Department of Agriculture
Rural Development
90 Howard Drive, Suite 3
Shelbyville, Kentucky 40065

Re: U.S. 60 Water District of Shelby & Franklin Counties,
Kentucky

Dear Mr. Johnson:

Earlier this year, U.S. 60 Water District (the "District") implemented new water rates approved by Rural Development. Those rates included, for the first time ever, a fire hydrant rental in the amount of \$5.00 per month per hydrant to be paid by fire districts, and rental for private parties of \$5.00 per month per hydrant. This charge created a political firestorm and the District was requested to eliminate this charge.

The main reason for instituting this charge was to recoup the cost of water used by the District in firefighting and especially in training. More importantly, many fire departments have refused to comply with the District's request that they report such usages to the District so that it can consider those water quantities in its water loss reports to PSC. Accordingly, the District decided to replace the hydrant rental fee with a formal requirement that fire departments report to the District water usage for these purposes, require the fire departments to refrain from using water for training purposes during water shortage conditions, and implement a penalty and a charge for water consumed if the fire department does not comply with the reporting requirements. This is a rule favored by the Kentucky Public Service Commission ("PSC").

The District's CPA has reviewed the District's finances and concluded that the elimination of the \$5.00 per month hydrant rental fee will not impact the District's financial circumstances in any significant way. Additionally, the District has significant reserve funds to offset any possible impact.

The District has submitted this proposed tariff to the PSC for approval. I enclose a copy of the proposed regulation for your review. PSC has requested the District to obtain a letter from Rural Development concurring with this change in the District's tariffs.

In addition to the above, the District requests permission to eliminate the Woodlawn Project waterline construction surcharge imposed on certain customers in 1993. As you may recall, it was originally scheduled to continue for approximately 20 years. I enclose a copy of the Motion which was filed by the District with the PSC regarding this matter.

As you will see from the Motion, the surcharge was originally used because the District was very low in unrestricted cash and was unable to contribute any significant funds to the project. In contrast, the District now has over \$850,000.00 in unrestricted funds. The customers have paid most of the construction costs through their surcharges over the last 15 years. The District wishes to pay off the remaining portion of the surcharge loan in the amount of \$63,354.25 from its unrestricted funds. PSC has likewise requested a letter of concurrence from Rural Development regarding this matter.

Incidentally, several years from now, the District intends to ask Rural Development and PSC for permission to pay off and eliminate its remaining surcharge, after it has also been in effect for 15 years, although that request is not a portion of this request. We are providing you with notice of this intention so that you will know we are treating all of our customers the same.

Please feel free to contact me if you have any questions regarding this request. As always, the District appreciates the support you and Rural Development have given it over the years.

Yours Truly,

MATHIS, RIGGS & PRATHER, P.S.C.

By: 

Donald T. Prather

DTP/pm

Cc: William Eggen, Chairman
Darrell Dees, Manager
Warner A. Broughman, III, Engineer

Dtp/wtr/us60/rural dev/Johnson ltr 3