



Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
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psc.ky.gov

David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Charles R. Borders  
Commissioner

August 24, 2009

TO: Division of Filings

Re: Case No. 2008-00563  
Application of Water Service Corporation of Kentucky for an Adjustment of Rates

Please file in the administrative record of the above-referenced case the enclosed public meeting notes, which were recorded by Commission Staff at the public meetings in Clinton, Kentucky on August 13, 2009.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

Enclosures

cc: Parties of Record

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WATER SERVICE ) CASE NO. 2008-00563  
CORPORATION OF KENTUCKY FOR AN )  
ADJUSTMENT OF RATES )

MINUTES OF THE LOCAL PUBLIC MEETING  
HICKMAN COUNTY COURTHOUSE  
CLINTON, KENTUCKY  
AUGUST 13, 2009 5:00 P.M.

Chairman David Armstrong called the meeting to order at approximately 5:00 p.m., welcoming the attendees and introducing Commissioner Charles Borders and the PSC Staff in attendance. Chairman Armstrong gave a brief introductory statement explaining the purpose of the meeting, which was to hear public comments on Water Service Corporation of Kentucky's ("Water Service") application for a rate increase. He informed the attendees that they could also file written comments and that forms for such comments were available at the reception table. After explaining the purpose of the application and the procedure and protocol for the public meeting, Chairman Armstrong invited those who had signed up to speak to come forward to give their comments, and each speaker was allowed five minutes to speak.

The following summarizes the ten speakers who provided oral comments at the meeting.

- Hickman County Judge/Executive Greg Pruitt emphasized that Water Service should only be permitted to charge a fair, just, and reasonable rate. He questioned whether the proposed 12% return on equity is reasonable in light of other investments earning significantly less than 12%. Judge/Executive Pruitt also emphasized the plight of residents in Hickman County and the community of Clinton, many of whom live on fixed incomes and may not be able to afford an increase in water rates.
- Mary Potter was concerned that the Project Phoenix expenses that were allocated to Water Service were unjustified. She maintained that a system the size of Water Service could use a much simpler and less expensive program for its billing and accounting. She also articulated her concerns that Water Service was affiliated with AIG.

- Pamela Freeman identified the domino effect that will occur on customers' utility bills if the water rate increases because the sewer rate is 133% of the water rate.
- Jerry Rushing stated that the increase was too much, too fast. He suggested that the amortization for certain expenses be spread out over a longer term.
- Justine Webb described some of the problems she encountered when the new Project Phoenix billing software was placed into service. She received two bills in July 2008, each in the amount of \$2,774.91. The company eventually determined that those bills were erroneous and cancelled the excess amounts.
- Tammy Williams explained that she moved to Clinton for the benefits of a small town, but if her water rates rise by 51%, she may be forced to move out of Clinton.
- Sue Williams reiterated that Clinton has many senior citizens, single moms, and impoverished individuals who can ill afford to have their water rates increase.
- Gaylon Cantrell stated that a 51% increase is too much for a community in which most employed individuals must leave the community to go to their work. He was also troubled by Water Service's affiliation with AIG.
- Debbie Morris likened her status as an unemployed student with the plight of many other residents of Clinton. She also mentioned concerns with AIG and with the 133% sewer rate.
- Bob Balliff had the same concerns as others speaking before him. He mentioned that he contemplated digging a well for water but that he couldn't get enough value out of it during his lifetime.
- Peggy Howell identified herself as a small business owner who was troubled by the fluctuating water bills. She explained how a 50% water rate increase would affect her business.
- City Jailer Chad Frizzell explained that there is also a domino effect from increased water costs because taxpayers would be required to fund additional costs to the jail and other governmental operations that use water. He calculated that the proposed water rate would increase the jail's expenses by \$5,000 annually.
- Jo Ann Alexander discussed her involvement with Water Service customers as a social worker with West Kentucky Allied Services. She explained that WKAS often assists deserving individuals who need help paying utility bills, but that there would be a greater need if the water rate increased significantly. She also reminded the PSC that social services could potentially take children out of a home if the water is disconnected due to nonpayment.
- Jim Long was concerned about the 12% proposed return and Water Service's affiliation with AIG. He also explained his view that Water Service was merely raising its rates as part of a scheme to sell the system eventually for a higher price than it paid for it.

- Henry Brassell mentioned how the increased water rate would require businesses to charge more for their products and services. It would also affect costs of operating government buildings and, potentially, churches that provide services during disasters.

All persons in attendance were asked to sign in and provide their addresses for the record. The sign-in sheets are attached to these minutes. In addition, all written comments that were submitted by members of the public at the meeting are attached to these minutes. At the conclusion of the public meeting at approximately 6:30 p.m., Chairman Armstrong thanked the speakers and attendants for their participation and then dismissed the meeting. Members of Commission Staff and employees of Water Service were available after the meeting for individual questions.

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11

# PUBLIC MEETING - SIGN-IN SHEET

Water Service Corp. – Case No. 2008-00563

Clinton – August 13, 2009

PLEASE PRINT LEGIBLY

Name	Address	DO YOU WISH TO SPEAK?
1 GREG Pruitt		<input checked="" type="radio"/> YES <input type="radio"/> NO
2 Gage Bercini		<input type="radio"/> YES <input checked="" type="radio"/> NO
3 Mary Potter		<input checked="" type="radio"/> YES <input type="radio"/> NO
4 Pamela Freeman		<input checked="" type="radio"/> YES <input type="radio"/> NO
5 JERRY RUSHING		<input checked="" type="radio"/> YES <input type="radio"/> NO
6 Jo Edgman assist. city clerk		<input type="radio"/> YES <input checked="" type="radio"/> NO
7 Justine Webb		<input checked="" type="radio"/> YES <input type="radio"/> NO
8 Bill Edonna REYNOLDS		<input type="radio"/> YES <input checked="" type="radio"/> NO
9 Mickey W. Beck		<input type="radio"/> YES <input checked="" type="radio"/> NO
10 Phyllis Senter		<input type="radio"/> YES <input checked="" type="radio"/> NO

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Water Service Corp. - Case No. 2008-00563

Clinton - August 13, 2009

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Name	Address	DO YOU WISH TO SPEAK?
1 FRADA ANDERSON	301 Crume	YES <input checked="" type="radio"/> NO
2 Wesley Cooper	531 Elm	YES <input checked="" type="radio"/> NO
3 Phyllis Campbell	103 Cunningham Dr.	YES <input type="radio"/> NO
4 Kim DeRenard	Purchase Area Development District <sup>P.O. Box 588</sup> <sup>42016</sup> Mayfield, KY	YES <input checked="" type="radio"/> NO
5 Valda McChristian	301 Richmond Dr	YES <input checked="" type="radio"/> NO
6 MIKE McCHRISTIAN	301 RICHMOND DR	YES <input checked="" type="radio"/> NO
7 Mada Reut	155 Evans Ln	YES <input checked="" type="radio"/> NO
8 Guelda Coffey	220 Evans Lane	YES <input checked="" type="radio"/> NO
9 Jib M... ..	525 Elm	YES <input type="radio"/> NO
10 Sgt. in. Tami Zull	524 S Washington	YES <input type="radio"/> NO

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Clinton - August 13, 2009

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Name	Address	DO YOU WISH TO SPEAK?
1 <u>Danny Suter</u>	<u>402 Hopkins St. Clinton</u>	YES <u>NO</u>
2 <u>Martha Bostick</u>	<u>305 Moss Drive Clinton, KY</u>	YES <u>NO</u>
3 <u>Barbara Thomas</u>	<u>203 S. Washington, Clinton, Ky</u>	YES <u>NO</u>
4 <u>Ruth Ann Samples</u>	<u>520 Elm St. Clinton Ky 42021</u>	YES <u>NO</u>
5 <u>Dorothy Harris</u>	<u>200 Evans Lane Clinton, Ky, 42031</u>	YES <u>NO</u>
6 <u>Dentry Harris</u>	<u>200 Evans Lane Clinton, Ky 42031</u>	YES <u>NO</u>
7 <u>Howard Dillard</u>	<u>219 North Washington Clinton KY 42031</u>	YES <u>NO</u>
8 <u>Jayce Stinson</u>	<u>218 North Waterfield Dr.</u>	YES NO
9 <u>Alvane Webb</u>	<u>306 Moss Dr. Clinton, Ky.</u>	YES <u>NO</u>
10 <u>Shirley West</u>	<u>201 S Waterfield</u>	YES NO <u>maybe</u>
<u>Shirley ?</u>		



17

# PUBLIC MEETING - SIGN-IN SHEET

Water Service Corp. - Case No. 2008-00563

Clinton - August 13, 2009

PLEASE PRINT LEGIBLY

Name	Address	DO YOU WISH TO SPEAK?	
1 Phillip E & Williema Sanders	108 Dunhorg Ln Clinton Ky	YES	<input checked="" type="radio"/> NO
2 Roberta Martin	401 Bowden St Clinton Ky	YES	<input checked="" type="radio"/> NO
3 Neil Byassee	320 Walker St. Clinton Ky.	YES	<input checked="" type="radio"/> NO
4 Elwood Martin	300 WALKER CLINTON	YES	<input checked="" type="radio"/> NO
5 Tammy Williams	223 N. Washington st Clinton	<input checked="" type="radio"/> YES	NO
6 BOB & SUE WILLIAMS	508 Elm St CLINTON	<input checked="" type="radio"/> YES	NO
7 Gaylon Cantrell	306 E. Jackson Clinton	<input checked="" type="radio"/> YES	NO
8 Abbie Morris	212 N. Washington Clinton Ky.	<input checked="" type="radio"/> YES	NO <i>Maybe</i>
9 Laverne Jones	307 Mass Dr Clinton Ky	YES	<input checked="" type="radio"/> NO
10 Gray & Rita Woods	346 S. WASH. CLINTON KY	YES	NO

5

# PUBLIC MEETING - SIGN-IN SHEET

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Clinton - August 13, 2009

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Name Address DO YOU WISH TO SPEAK?

1 Jacky Bruce YES NO

2 Bob Bally YES NO

3 William Butts YES NO

4 John McAnuliffe YES NO

5 James Leonard - UI YES NO

6 Divid Spensard OAC 1024 Capital Center Drive Suite 200 Frankfort KY 40601 YES NO

7 Sherry Allen 406 Hopkins Dr YES NO

8 Deanna Howell YES NO

9 Rose Pirtle YES NO

10 Lisa Pirtle YES NO



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Water Service Corp. - Case No. 2008-00563

Clinton - August 13, 2009

PLEASE PRINT LEGIBLY

Name	Address	DO YOU WISH TO SPEAK?
1 Paula Rogers	31912 Clay	YES <input checked="" type="radio"/> NO
2 Carl Ferguson	546 May Field Rd	YES <input checked="" type="radio"/> NO
3 Peggy Fox	5302 Clay St	YES <input checked="" type="radio"/> NO
4 Franice Bellard	P.O. Box 14 Clinton, Ky	YES <input checked="" type="radio"/> NO
5 Orni Ellis	223 N. Washington, Clinton	YES <input checked="" type="radio"/> NO
6 Kenneth Jenkins	ll ll ll	YES <input checked="" type="radio"/> NO
7 Reba Standifer	M. Bow, Ky	YES <input checked="" type="radio"/> NO
8 Mike Cockard	Clinton, Ky	YES <input checked="" type="radio"/> NO
9 CHAD FRIZZELL	303 Crown, Clinton, KY	<input checked="" type="radio"/> YES NO
10 Jo Ann Alexander (Resident)	216 N. Washington - Agency UKAS CAA	<input checked="" type="radio"/> YES NO

27

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Water Service Corp. – Case No. 2008-00563

Clinton – August 13, 2009

PLEASE PRINT LEGIBLY

Name	Address	DO YOU WISH TO SPEAK?
1 <u>Annelle Orlando</u>	<u>CLINTON</u>	YES <input checked="" type="radio"/> NO
2 <u>JOHN ORLANDO</u>	<u>CLINTON</u>	YES <input checked="" type="radio"/> NO
3 <u>JAMES BERRY JR</u>	<u>CLINTON</u>	YES <input checked="" type="radio"/> NO
4 <u>Rhonda Turner</u>	<u>Clinton</u>	YES <input checked="" type="radio"/> NO
5 <u>ALAN LEBLANC</u>	<u>Clinton</u>	YES <input checked="" type="radio"/> NO
6 <u>Sandy McCoy</u>	<u>Clinton</u>	YES <input checked="" type="radio"/> NO
7 <u>Brenda Collins</u>	<u>Clinton</u>	YES <input checked="" type="radio"/> NO
8 <u>Jessie De Base Clinton Ky.</u>		YES <input checked="" type="radio"/> NO
9 <u>Glenn De Base Clinton Ky.</u>		YES <input checked="" type="radio"/> NO
10 <u>Betty Kay Clinton Ky.</u>		YES <input checked="" type="radio"/> NO

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Clinton - August 13, 2009

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Name	Address	DO YOU WISH TO SPEAK?
1 <u>Calvin E. Byler</u>	<u>344 S. Washington St.</u>	YES <input checked="" type="radio"/> NO
2 <u>Vickie Kimbro</u>	<u>524 E. CLAY ST.</u>	YES <input checked="" type="radio"/> NO
3 <u>Kenneth Jewell</u>	<u>229 Barber Rd</u>	YES <input checked="" type="radio"/> NO
4 <u>Orin Long</u>	<u>215 N Jefferson St</u>	<input checked="" type="radio"/> YES NO
5 <u>Monella Lumsden</u>	<u>106 Mozart</u>	YES <input checked="" type="radio"/> NO
6 <u>Helen Green</u>	<u>409 Argyle Clinton Ky</u>	YES <input checked="" type="radio"/> NO
7 <u>Ronald Senge</u>	<u>P.O. Box 2 Clinton, Ky</u>	YES <input checked="" type="radio"/> NO
8 <u>S. Janice Crumley</u>	<u>P.O. Box 98 Clinton Ky</u>	YES <input checked="" type="radio"/> NO
9 <u>Scott Smith</u>	<u>54 Sublette Dr Clinton Ky 42031</u>	YES <input checked="" type="radio"/> NO
10 <u>Ronnie Grogan</u>		<input checked="" type="radio"/> YES NO

Ronnie Grogan

# PUBLIC MEETING - SIGN-IN SHEET

Water Service Corp. - Case No. 2008-00563

Clinton - August 13, 2009

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Name	Address	DO YOU WISH TO SPEAK?	
1 Ruddy Pruitt	1760 Pruitt Rd	YES	<input checked="" type="radio"/> NO
2 Nancy Pruitt	"	YES	<input checked="" type="radio"/> NO
3 Mary Ann Russell	MOSS DR.	YES	<input checked="" type="radio"/> NO
4 Leanna Wilkerson		YES	<input checked="" type="radio"/> NO
5 Roy Stewart		YES	<input checked="" type="radio"/> NO
6 Jeraldodge	510 E. Jackson St. Clinton, Ky.	YES	NO
7 Mary Price	436 Short St. Clinton, Ky.	YES	NO
8 Patsy Spencer	298 Pruitt Rd Clinton Ky	YES	<input checked="" type="radio"/> NO
9 Rose McClain		YES	<input checked="" type="radio"/> NO
10 Ross Duffey	410 Kane St. - Clinton, Ky.	YES	<input checked="" type="radio"/> NO



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Water Service Corp. – Case No. 2008-00563

Clinton – August 13, 2009

PLEASE PRINT LEGIBLY

Name	Address	DO YOU WISH TO SPEAK?	
1 <u>Betty Morrison</u>	<u>525 Elm Clinton, Ky</u>	YES	<u>NO</u>
2 <u>Ivan Potter</u>	<u>209 N. Jeff. Clinton, Ky.</u>	YES	<u>NO</u>
3 _____	_____	YES	NO
4 _____	_____	YES	NO
5 _____	_____	YES	NO
6 _____	_____	YES	NO
7 _____	_____	YES	NO
8 _____	_____	YES	NO
9 _____	_____	YES	NO
10 _____	_____	YES	NO

Kentucky Public Service Commission  
P.O. Box 615  
Frankfort, Ky 40601

CASE NO. 2008-00563

To Whom it may concern

Please be advised that if the requested rate increase of 50.8% by Utilities Inc. is allowed it will affect me in the following ways.

I feel that a rate increase of 50.8% will add a heavy burden on our small local community. Our citizens that live in our city are ~~on~~ on Soc. Sec., have full time jobs that pay barely above minimum wage or are working as many as 3 part time jobs to make their monthly budget. We are fortunate to have 6 businesses in and around our city limits. On the other hand we have 4 ~~empty~~ empty buildings alone around our court square. We have empty rental property and several houses for sale. All of these cause problems for a small community. People are not interested in starting a business or moving here when they are aware of the high & possible higher water & sewer bills.

I request that you hold a public meeting in the city of Clinton and that the customers of Utilities Inc be allowed to provide testimony as the Attorney General Jack Conway as not represented the people of the Common Wealth of Ky that will be affected by this decision.

Thank You

NAME	ADDRESS	PHONE	DATE
Phyllis Campbell	103 Cunningham Clinton KY		8/12/09



Kentucky Public Service Commission  
P.O.Box 615  
Frankfort, Ky 40601

CASE NO. 2008-00563

To Whom it may concern

*Jim Brumma*

Please be advised that if the requested rate increase of 50.8% by Utilities Inc. is allowed it will affect me in the following ways.

*I am a widow who lives on a very small fixed income. I can not pay any higher water or sewer bill*

I request that you hold a public meeting in the city of Clinton and that the customers of Utilities Inc be allowed to provide testimony as the Attorney General Jack Conway as not represented the people of the Common Wealth of Ky that will be affected by this decision.

Thank You

NAME	ADDRESS	PHONE	DATE
<i>Lolise Jones</i>	<i>307 Moss Drive</i>	<i>653-4802</i>	<i>8-8-09</i>

PSC coming to Clinton

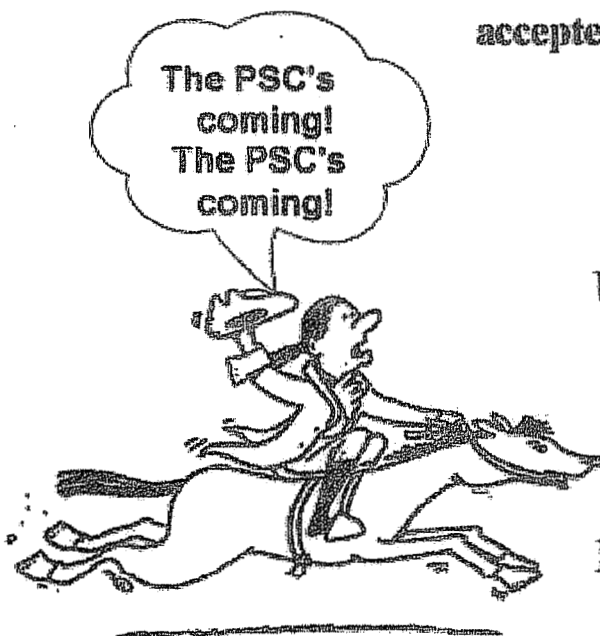
Posted: Thursday, July 23, 2009 11:17 am

**THE KENTUCKY PUBLIC  
SERVICE COMMISSION (PSC)  
WILL HOLD A PUBLIC HEARING  
IN CLINTON**

**THURS. AUG. 13, 2009 @ 5:00 PM  
2ND FLOOR, OLD COURTHOUSE**

The PSC is coming from Frankfort to hear customer concerns about Water Service Inc.'s request for a 50.8% rate increase.

It's our chance to tell the PSC why we can't afford a huge rate hike. All who wish to speak will be heard. Written comments accepted.



**ALL CUSTOMERS  
URGED TO ATTEND**

**For more information,  
call 653-3312**

Kentucky Public Service Commission  
P.O.Box 615  
Frankfort, Ky 40601

CASE NO. 2001-00563

To Whom it may concern

Please be advised that if the requested rate increase of 50.8% by Utilities Inc. is allowed it will affect me in the following ways.

I get \$675.00 month, if they raise the water, or utilities, I can't pay them, I would have to with out water, electricity or gas, I'm Disable And I can't work raising the utilities would hurt a lot of people here in Clinton, Not just me. But everyone, as it is I can't pay the water bills because its High. But I pay as I can and what I can.

Please say No to High Water Bills

I request that you hold a public meeting in the city of Clinton and that the customers of Utilities Inc be allowed to provide testimony as the Attorney General Jack Conway as not represented the people of the Common Wealth of Ky that will be affected by this decision.

Thank You

NAME	ADDRESS	PHONE	DATE
Theresa Ross	424 N. Waterfield Dr.	1053-4855	8-6-09

## Conway's Office offers nothing in water rate case

Posted: Wednesday, July 8, 2009 4:40 pm



Smilin' Jack Conway is roaring that he has raised well over a million dollars for his Senate campaign. Guess what Smilin' Jack hasn't been doin'?

His job.

His office has done nothing to defend the citizens of the Commonwealth who rely on him to protect them from predator utility companies. The PSC entered an Order on Monday in the Water Services, Inc. request for a 51% increase case that stated that since the AG hadn't filed anything, the case was on track to be heard in August without any evidence presented by the Attorney General.

Good goin', Jack. Maybe you'll work a little harder in your next job. Water Service, Inc. customers, 9000 in Middlesboro and 900 in Clinton suffered a defeat Monday when the Kentucky Attorney General failed to file any testimony in the Water Service's Inc.'s request for a 51% rate increase. Since Attorney General Conway was the only intervenor allowed in the case and he failed to present any evidence on behalf of rate payers, his role becomes one of rebutting the statements made by the Water Company.

Readers will recall that I, a Clinton resident, and several Middlesboro residents requested to be allowed to intervene in order to participate in the proceedings. The Kentucky Public Service Commission, denied everybody, saying the applicants did not have a special interest in the proceeding. Further, their intervention would not be likely to develop facts or issues that the Attorney General could not access. And, a telling point - their intervention would unduly complicate the proceedings. (see [PSC denies citizen intervention](#))

In May, I asked Attorney General Jack Conway whether his office would have the resources to fight the rate increase case. Conway was in Paducah campaigning to be the Democratic nominee in the race against Senator Jim Bunning.

**Q:** We all know that state government is out of money. Will the Attorney General have the money to hire an expert to refute Utilities Inc.'s experts?

**Conway:** "Yes. I have a budget that is not all I need it to be. I need more money to hire expert witnesses. I am beating down on the expert witnesses for them to charge us lower rates. I am trying to stretch our dollars as far as they can go.

We've taken about a 20% budget cut since I took office as Attorney General, but I've still managed to handle the case load. We used to have thirteen personnel in the Office of Rate Intervention. Now we're down to five. But we will do our job." [Conway: we will do our job](#)

Obviously, Conway's office did not find the money for expert testimony. When we called today and asked, we were told by an attorney in Conway's office that they just didn't have the money for an expert. They put out bid requests that came in too high.

His office did not contact customers in this area to solicit testimony related to the billing issues that continue to plague water rate users. The Attorney General has filed nothing in the rate increase case since March 17, 2009 when he objected to a request that the water company's responses be kept confidential. Questions to Water Services, Inc. have come from the PSC.

Hundreds of Clinton residents wrote to the PSC with two requests: that the rate increase be denied and that the

Kentucky Public Service Commission  
P.O.Box 615  
Frankfort, Ky 40601

CASE NO. 2008-00563

To Whom it may concern

Please be advised that if the requested rate increase of 50.8% by Utilities Inc. is allowed it will affect me in the following ways.

My husband and I are on a fixed income and with everything going up in price this would be a very large burden on us as well as most of the citizens of Clinton. Our town is mostly people like us and this would be such a hardship for us. A 50.8% rise is out of bounds on anything. Please do not let this happen. It would mean the difference in buying food and medicine, or paying a high water bill to make someone else's life easier.

I request that you hold a public meeting in the city of Clinton and that the customers of Utilities Inc be allowed to provide testimony as the Attorney General Jack Conway as not represented the people of the Common Wealth of Ky that will be affected by this decision.

Thank You

NAME	ADDRESS	PHONE	DATE
Phyllis Suiter	402 Hopkins St. Clinton	270-653-6056	8-13-09
Donny Suiter	Ky. 4031		

August 13, 2009

Testimony of Mary Potter  
113 North Washington St.  
Clinton, KY 42031  
1-270-653-3312  
[editor@westkypolitics.org](mailto:editor@westkypolitics.org)

Good afternoon. My name is Mary Potter. My day job is practicing law here in the Purchase. My office is half a block from here

I am a transplant from Franklin County, relocating with my husband to Clinton in 2004. My avocation is writing and publishing an online journal about events that affect the lives of West Kentuckians. For close to a year, I've had sole responsibility for the West Kentucky Journal of Politics and Issues.

Others here today will explain why the proposed increase is a bad idea for those on a fixed income.

I have three issues to bring to your attention.

1- The Oracle software is a mess. Back in August 2008, my husband wrote a story called "Kountry Café: Big City Bills for a Small Town Business". A copy of the story reprinted on my website will be furnished to the Commission. Peggy Howell of Kountry Café is here today to address you. Suffice to say that the company knew the software was a problem when they filed their application for an increase.

The company will tell you that the software is fixed. But customers here in Clinton continue to have problems with multiple bills, late charges, estimated bills that are far out of proportion of any month before or after.

Customers are being punished by a poor business decision on the part of the management of Utilities, Inc. If I buy a law book that I cannot use, I don't raise my rates on my clients to pay for it forever. Why should a utility company?

Utilities Inc's remedy should have been to return to their seller and demand that the issues be fixed by Oracle at Oracle's expense. There is nothing in the public record that the company made any attempt to help themselves.

2. The company's request for an increased return on its investment is untimely, unwise and uncalled for.  
There is nothing that has made the upper management at Utilities Inc more uncomfortable than to hear them referred to as an AIG company.  
But that is what they are.  
In the materials that are part of my testimony is a press release from May 18, 2005 headlined

“AIG Highstar Capital announces the acquisition of Utilities Inc. from Nuon.”

Highstar Capital is a group of private equity funds that invest in infrastructure related investments and businesses. Highstar II is sponsored by AIG Global Investment Group (AIGGIG). AIGGIG member companies are subsidiaries of American International Group, Inc. (AIG)

Page 2 of the press release states “American International Group, Inc. is the world’s leading international insurance and financial services organization with operations in approximately 130 countries and jurisdictions.”

We all know the recent history of AIG. A company “too big to fail”, AIG has to date has received \$134 billion dollars from the US taxpayer as of July 7, 2009.

Utilities Inc, the owner of Water Services Corp. may not be the child of AIG, but at the very least, it’s a grandchild.

To give this company a 50% increase spits in the eye of the American taxpayer and every good Kentuckian sitting in this room today.

3. I do not wish to criticize Mr. Spenard, the attorney assigned to our rate case. His office has been cut from 13 to 5 employees. This is not a big case – as one with LG & E or Kentucky Utilities might be. He has done his best under difficult working conditions.

In May,, the Attorney General assured me in an on the record interview that his office would represent rate payers fully in this rate case. Four intervenors, myself included, were denied access to the case because as your Order of May 5<sup>th</sup> said, the Attorney General has the obligation to represent the consumer’s interest.

We found out only recently that the attorney general has no expert testimony to rebut the application. He has hired no technical expert to examine one of the major claims of the company – that the software and management program were worth almost \$400, 000 to us the rate payers. The Attorney General has not contacted one customer to ascertain what information we may have to assist him in representing us.

Had the AG asked us, we would have put out tip jars to raise money to get him what he needed.

So the bottom line is we, the rate payers, have no affirmative defense. I have great faith that Mr. Spenard will do his best for us within the limits of his resources.

All we Clinton residents ask is that you give this company not what they want... Give them what they deserve – a denial of their request to continue to recklessly spend our money

Big City Bills for a Small Business - Karmic Justice?

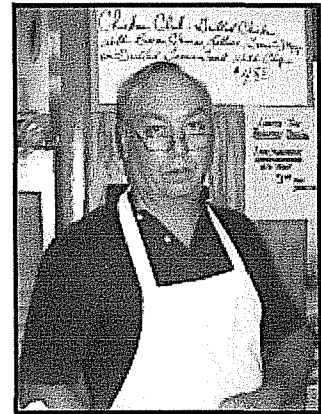
Posted: Tuesday, September 9, 2008 10:56 am

Update - September 16th - AIG is currently begging for some Wall Street bank or investor group to save them from bankruptcy. This is the same company that owns the water company in the story below. Is there some karmic justice going on?

September 17th - a government bail out for AIG last night. Who will bail out the Kountry Cafe?

SEPTEMBER BILLING: Peggy got another bill from the water company. The bill jumped from \$62 to \$220. She got the bill on September 9th. No one else has gotten a new bill.

Utilities, Inc. says they hadn't billed the business for sewer usage since June. Now they are billing it all at once.



Kenny Howell is cook and co-owner of the Kountry Cafe with his mother, Cathy and his wife, Peggy.



Peggy Howell opened her water bill last week and was shocked. She now had two water bills for the month of August. Howell has been a small business owner of Kountry Cafe in Clinton Kentucky for over 12 years. In all that time, she has never been more upset and mad at the water company as she is now.

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## ProPublica Eye on Bailout

- Sections
  - Business
  - Health & Science
  - National Security
    - - Military
  - Government & Politics
    - - Regulators
    - - Elections
    - - Lobbying
  - Justice
  - Media & Technology
  - Energy & Environment
    - - Energy
    - - Environment
- Hot Topics:
- Bailout Guide
- Stimulus
- Gas Drilling
- Calif. Nurses
- Unemployment
- Recovery Tracker

## *Eye on the Bailout* Recipients Programs Timeline How to Use

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## How Big is AIG's Bailout ... Really?

by [Sharona Coutts](#) and [Paul Kiel](#), ProPublica - July 7, 2009 12:46 pm EDT

AIG has been selling off bits and pieces of its once-great empire in an effort to chip away at what it owes the American taxpayer and the Federal Reserve. Until it repays that debt, the company will remain in the awkward position of having the government as its largest shareholder.

But press accounts have often been vague when putting a price tag on AIG's bailout. We decided to parse the complicated transactions and lay out how much AIG would have to repay to get out from under the government's thumb.

The most frequently used figure ([including by us](#) [1]) is around \$180 billion, but that figure is the *maximum* that's been offered by the government. Combined, the Federal Reserve and Treasury Department have actually extended only about \$134 billion to bail out AIG through a mixture of loans, purchases of toxic assets, and purchases of preferred stock (see the table below for a breakdown).

The government hasn't handed over the full \$180 billion because AIG has yet to fully tap two "lines of credit," which are like credit cards with really, really big credit limits. One line of credit is from Treasury (with a \$30 billion limit) and the

other is from the Fed (\$60 billion). The company has drawn only \$1.5 billion from the Treasury, and \$43.5 billion from the Fed, for a subtotal of \$45 billion.

Take away the money in the credit line AIG has yet to tap, and you're left with the total government outlay of \$134 billion. But AIG does not actually have to repay all that. Instead it would have to shell out \$85 billion, smaller because it excludes two large purchases by the Federal Reserve of toxic assets that were crippling AIG. The Federal Reserve (through a specially created legal entity) owns those assets outright.

So, what about that \$85 billion? That's composed of \$40 billion in taxpayer dollars the Treasury Department used to buy preferred shares in AIG, plus money AIG has drawn from the two credit lines: \$1.5 billion more from the Treasury and \$43.5 billion from the Fed.

AIG recently announced one way to cut down on what it owes the Fed: by giving the Fed a \$25 billion stake in two of its crown jewel subsidiaries. According to an AIG spokeswoman, Christina Pretto, the deal, announced last month [2], would reduce the company's outstanding debt with the Fed from \$43.5 billion down to less than \$18 billion.

If that deal were to go through, AIG's total debt would fall to about \$59 billion, a much smaller sum than is typically used to describe AIG's troubles. That's not to minimize the complexity of AIG's entanglement with the government, which in addition to all these billions has also received a nearly 80 percent equity stake in AIG. But we hope that provides some clarity on the true extent of the AIG bailout — at least the bailout so far.

#### The AIG Bailout (in billions)

Source	Outlay
Federal Reserve Credit Facility (Max \$60 billion)	\$43.458
Federal Reserve Securities Purchases (Maiden Lane II)	\$19.8
Federal Reserve Securities Purchases (Maiden Lane III)	\$29.6
Treasury Preferred Stock Investment	\$40
Treasury Credit Line (Max \$30 billion)	\$1.5
<b>Total:</b>	<b>\$134.358</b>

Sources: Federal Reserve, Treasury Department, AIG.

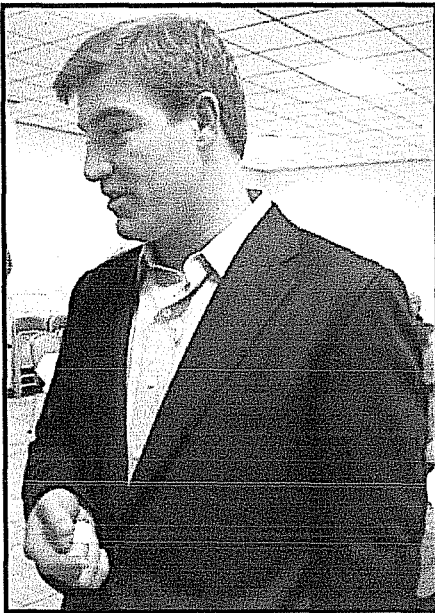
#### Links

- 1. <http://www.propublica.org/ion/bailout/item/catch-22-can-aig-repay-taxpayers-409>
- 2. <http://www.washingtonpost.com/wp-dyn/content/article/2009/06/25/AR2009062500887.html>
- 3. <http://www.propublica.org/breaking/tag/bailout>
- 4. <mailto:suggestions@propublica.org>
- 5. <http://www.propublica.org/article/how-you-can-help-us-flag-great-journalism-now-even-easier-1230/>

Conway on Utilities Inc. Rate Increase: "We will do our job."

Mary Potter

Posted: Saturday, May 16, 2009 3:06 pm



Attorney General Jack Conway was in Paducah for the Alben Barkley Democratic Dinner on Friday evening. I was able to ask him a few questions before the evening program started.

**Q:** I saw a quote recently on a blog that seemed like a "Duh". You are quoted as saying that you would prefer running against Jim Bunning. That sounds so obvious that I had to ask you about it.

**Conway:** "I think the voters of Kentucky are ready for a new generation of leadership. Voters throughout the commonwealth – our senior citizens who we need to take care of, our people who are their prime earning years and our young people who have their own aspirations. All are ready for new leadership. The point I made in an interview with WHAS was that the contrast between what I represent and what Senator Bunning represents will be really stark. That's

the reason I want to make that argument.

**Q:** If you're running against Trey Grayson, what's your theory? Because you can't make that contrast, you and Trey are similar ages and similar backgrounds.

**Conway:** If I am the nominee of the Dem party, it would be a tremendous honor to carry the banner of what we are now and what we are becoming- a big tent party representing various interests throughout the American spectrum. I would relish the opportunity to debate Trey if he were to be the nominee.

This is a hypothetical question. It would be plainly apparent that we would be electing somebody who could go into the majority, have some clout, really make a difference for the Commonwealth. That would be part of the argument and it would also be an argument of issues- how do we grow the economy, how do we create jobs, what's the future of Kentucky look like? I would be happy to have that argument against Trey Grayson. That's all speculative because Rand Paul is exploring the race, Connie Bailey is exploring the race. So it's premature to say that Trey Grayson will be the candidate."

**Q:** The Attorney General is representing Clinton in the Utilities Inc. rate increase case. What do you know about the case?

**Conway:** "We intervene on behalf of the rate payers. Our statutory responsibility is to do all that we can to make sure that our utilities have a decent rate of return but the ratepayer is protected with the lowest possible rate for the ratepayer. That will be my guiding principle whether it be Clinton or some other rate case."

Q: We all know that state government is out of money. Will the Attorney General have the money to hire an expert to refute Utilities Inc.'s experts?

**Conway:** "Yes. I have a budget that is not all I need it to be. I need more money to hire expert witnesses. I am beating down on the expert witnesses for them to charge us lower rates. I am trying to stretch our dollars as far as they can go.

We've taken about a 20% budget cut since I took office as Attorney General, but I've still managed to handle the case load. We used to have thirteen personnel in the Office of Rate Intervention. Now we're down to five. But we will do our job."

**AIG HIGHSTAR CAPITAL ANNOUNCES THE ACQUISITION OF UTILITIES, INC. FROM NUON- May 18, 2005**

Posted: Thursday, March 19, 2009 3:22 pm

News



Contact: Joe Norton  
Director of Public Relations  
(212) 770-3144

**AIG HIGHSTAR CAPITAL ANNOUNCES THE ACQUISITION  
OF UTILITIES, INC. FROM NUON**

NEW YORK, May 18, 2005 – Hydro Star, LLC, a subsidiary of AIG Highstar Capital II, L.P. and certain of its affiliates (Highstar II), has signed a definitive agreement to acquire 100% of the stock of Utilities, Inc. from a subsidiary of n.v. Nuon (Nuon). Hydro Star and Nuon entered into a stock purchase agreement dated May 14, 2005.

Utilities, Inc. is a water and wastewater utility holding company based in Northbrook, Illinois. It has almost 300,000 customers located in 17 states, with a principal focus in the high growth areas of the Sunbelt.

Highstar II is a group of private equity funds that invest in infrastructure related assets and businesses. Highstar II is sponsored by AIG Global Investment Group (AIGIG). AIGIG member companies are subsidiaries of American International Group, Inc. (AIG).

Nuon is a large energy company based in the Netherlands, active in the generation, marketing, sale and distribution of electricity, gas, and heat, as well as related products and services. The divestment is in line with Nuon's strategy to concentrate its energy business in The Netherlands, Belgium and Germany.

AIGIG Chairman and CEO Win J. Neuger stated, "We have long considered water infrastructure as an attractive investment opportunity and an excellent complement to Highstar II's existing energy infrastructure portfolio. Utilities, Inc. is a leader in this industry and we are pleased that Highstar II has the opportunity to acquire this business from Nuon."

The transaction for the purchase of Utilities, Inc. is expected to close in early 2006 and is subject to customary conditions, including the receipt of Hart Scott Rodino approval and other regulatory approvals.

# # #

AIG Global Investment Group comprises a group of international companies which provide investment advice and market asset management products and services to clients around the world. AIGIG member companies are subsidiaries of American International Group, Inc. (AIG).

-more-

**AIG Companies®**

70 Pine Street, New York, NY 10270

**AIG Highstar Capital Announces Acquisition...**

May 18, 2005

Page 2

American International Group, Inc. (AIG) is the world's leading international insurance and financial services organization, with operations in approximately 130 countries and jurisdictions. AIG member companies serve commercial, institutional and individual customers through the most extensive worldwide property-casualty and life insurance networks of any insurer. In the United States, AIG companies are the largest underwriters of commercial and industrial insurance and AIG American General is a top-ranked life insurer. AIG's global businesses also include financial services, retirement services and asset management. AIG's financial services businesses include aircraft leasing, financial products, trading and market making. AIG's growing global consumer finance business is led in the United States by American General Finance. AIG also has one of the largest U.S. retirement services businesses through AIG SunAmerica and AIG VALIC, and is a leader in asset management for the individual and institutional markets, with specialized investment management capabilities in equities, fixed income, alternative investments and real estate. AIG's common stock is listed on the New York Stock Exchange, as well as the stock exchanges in London, Paris, Switzerland and Tokyo.

# # #



A Response from Utilities, Inc. President Re AIG Link

Posted: Thursday, April 9, 2009 2:49 pm

**First of all I would like to thank you for the opportunity to respond. In an effort to fully explain the relationship between AIG and Highstar, and then the further relationship to Utilities, Inc. I would like to use an analogy. I am sure many of your readers have heard of FedEx Field in Maryland and understand the concept of naming rights. FedEx Field is where the Washington Redskins play their home football games. The ownership of the stadium is by Daniel Snyder/Redskins. FedEx has entered into a marketing agreement to have its name associated with the field. Prior to FedEx the name was Jack Kent Cooke Stadium. As everyone understands FedEx does not own the Washington Redskins stadium or the team. This is strictly a marketing arrangement. The same can be said about the former AIG Highstar name, it was naming rights, a marketing arrangement (that worked for both sides) and has no impact on ownership.**

**I truly hope this clarifies your understanding. If you have any further questions please feel free to contact my office, Larry Schumacher - President & C.E.O.**

Central Kentucky-centric Public Service Commission denies citizen intervention into Utilities, Inc. 50.8% rate increase case

Mary Potter

Posted: Friday, May 8, 2009 4:50 pm

The Kentucky Public Service Commission, made up of three Central Kentucky Commissioners (pictured above)– David Armstrong of Louisville, James W. Gardner of Frankfort and John W. Clay, the former head of the Alcohol Beverage Control Board, a Fletcher appointee whose term ends in June, decided on May 5<sup>th</sup> that water company customers in Clinton and Middlesboro would not be allowed to intervene and become full participants in the Utilities, Inc. 50.8% rate increase case.

My application to intervene was one of those denied. PSC Order. The Commission stated that even though I said I had firsthand knowledge of the water company's billing practices; I failed to state how I gained firsthand knowledge of the Phoenix billing system – outside of the fact that I am a customer.

The Middlesboro intervenors were given even shorter shrift. They couldn't show they had anything to add that the Attorney General in Frankfort didn't know.

PSC Order denying Ismail Eldahan intervention

PSC Order denying Sue Wyatt intervention

PSC Order denying Romell Johnson intervention

The Commission's cookie cutter orders citing the same law and administrative regs for the citizen customers told us that we could depend on the Kentucky Attorney General to represent our interests. The Order specifically suggested that we could "keep abreast of the status of the case and filings by monitoring the case's electronic file located at

<http://psc.ky.gov/pscfc/2008%20cases/2008-00563>"

The Attorney General has a right to intervene in rate cases. (It won't be candidate for the US Senate Attorney General Jack Conway personally representing us.) It will be state lawyers in their rate division with that task. Assistant Attorney General David Spenard will be representing the interests of customers in Clinton and Middlesboro, the only two cities that Utilities, Inc. serves. For all others, the decision to let a citizen intervene is up to the Commission - "permissive" and this time, we customers don't get permission.

**One third** of the water company's 900 Clinton customers have either signed a petition or written a letter to the Public Service Commission opposing the proposed increase. Customers in our small, mostly senior citizen and low income, town poured out their hearts to the Commissioners and implored them to come to Clinton to hold a public hearing. As of this date, they haven't decided.

The delay shouldn't be surprising. It took them from March 20<sup>th</sup> to May 5<sup>th</sup> to deny my motion to intervene.

What the Commission doesn't say in its Order denying the intervention is whether it has any intention of hearing firsthand public comment from affected customers in Clinton and Middlesboro – two towns far from each other and far from where the Commissioners, the Attorney General and counsel for Utilities, Inc. live and work. The Attorney General may have an “obligation” to intervene and represent the public, but if he loses this case, his water bill will stay the same.

For some customers, losing this case will be disastrous. Camille Hargrove wrote:

“I always have a high bills to pay. I pay what I can. I am on disable.(sic) I try not to use too much water. But yet I have a high water bill. If the bill goes up, I will be lucky to pay them \$10.00 instead of \$80.00.”

What the Commission Order doesn't say is that letting citizens participate in a rate case messes up the orderly flow of how these things should go. We, out in the hinterlands, do not GET the natural rhythm that exists for attorneys who regularly litigate against each other – as do the rate case attorneys and counsel for the water company. It is clear that an orderly process triumphs over public participation.

What the Commission Order doesn't say is that Utilities Inc. and the Attorney General will have a pretrial conference in Frankfort that will not be attended by the very people most affected by their actions.

What the Commission Order doesn't say is that the mound of documents it has requested the water company to produce will go to the Attorney General and if the public wants to see them, they can either print out several hundreds of pages and sift through the pile of chaff to get to the wheat or they can rely on the Attorney General to do it for them.

What the Commission Order doesn't say is that the attorney on the Attorney General's staff has other things to do besides worry with Clinton residents who don't understand why they are still getting three bills a month. The Attorney General does not have the time or manpower to handle every resident who has been misbilled, overbilled, double billed, misread, misinformed and missed out on.

If you haven't figured it out by now, I am very angry- angrier than I would have been had one of the Middlesboro intervenors been allowed to question the water company's witnesses. I have no beef with Assistant Attorney General David Spenard, who is handling the case. He seems sincere and knowledgeable. But it is just a day job to him. For many of my friends and my fellow residents, the water bill increase is a matter of having water or not having water.

My husband wrote about the screwed up bills in September, 2008 for the Mississippi River Journal. I carried the story here [Big City Bills for a Small Town](#) on September 9,

2008. We reported on the AIG connection then. We will continue to report on the progress of this case. We will be going to Frankfort for any hearings they will let us in to watch.

Make no mistake. Utilities, Inc. won this round. Clinton and Middlesboro lost.

But it ain't over 'til it's over

Mid morning and the harvest of wheat was in full swing. Just 200 ft pass the Hickman County Country Club, on Highway 51 North, Bobby Grogan and his special team of skilled men, farm machines and trucks, swept into

STS heavy duty combines, two John Deere 8530 heavy duty tractors and three large semi trucks.

In less than a half day, of man and machine roaring over golden stalks at this site, Grogan's team would cleared

County. According to regional experts from the UK Extension Service, the average wheat production per acre is 65 bushels in Hickman County.

Grogan and his family are one of the region's largest

## Kountry Cafe: Big City Bills For A Small Town Business



**Peggy Howell, owner of Kountry Cafe in Clinton holds up double water bills for the month of August**

*By Ivan Potter*

*Mississippi River Journal*

Peggy Howell opened her water bill last week and was shocked! She now had two water bills for the month of August. Howell has been a small business owner of

Kountry Cafe in Clinton Kentucky for over 12 years. In all that time, she has never been more upset and mad at the water company as she is now.

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**PLEASE SEE BIG CITY  
BILLS FOR A SMALL  
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Volume 1 • Edition 4 Phone: (270) 562-3032 E-mail: editor@missriverjo.com <http://www.missriverjo.com> August 27, 2008

## BIG CITY BILLS FOR A SMALL TOWN BUSINESS

CONTINUED FROM  
PAGE ONE

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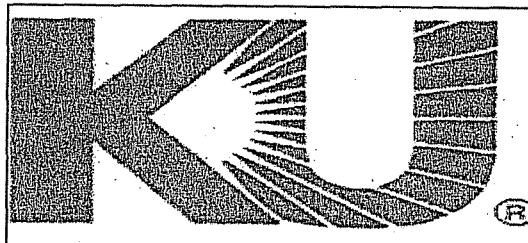
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## KU Offers Summer Energy Savin



(LEXINGTON, Ky.) — With summertime temperatures in the 90s, Kentucky Utilities Company (KU) knows energy efficiency is important to customers because greater use of air conditioners and other electrical appliances means more kilowatt hours are consumed and bills go up. Here are some simple things you can do to make your home more energy efficient:

- Close your draperies or blinds during the day to keep out sun and heat, particularly on the southern exposure side of the building. If outside temperatures fall to a comfortable level at night, open drapes and windows.
- Set your thermostat to 78° in the summer. The energy savings can be significant —

as much as five to eight percent of your air conditioning costs for each one degree that you raise the thermostat.

- Switch your incandescent lights to compact fluorescent bulbs. The incandescents generate more heat than fluorescents.

- Cook and use the clothes dryer early in the day or in the evening, when temperatures are usually cooler.

- Use the microwave more because it's less likely to heat up the whole room.

- Use desk or ceiling fans. They won't lower the temperature, but they will cool your skin and make you more comfortable. A light breeze will make you feel about 7 degrees cooler.

Here are a few ways to make

your air conditioner:

- Get an air filter changed at peak performance.
- Keep filter units as well as checked at month.

- Vent your attics and that heat the air is trapped and that heat the living space.

- Buy an energy efficient conditioner. replace your old one with Efficient Ratio.

- Locate windows where possible. Buy an energy efficient unit.

- Buy an energy efficient unit. fourth less energy than older models.

## Tips For Safely Canning And Preserving

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Released by Sara Bogle, Carlisle County Extension Agent for Family and Consumer Sciences

Many people would like to preserve fresh fruits and vegetables from their own gardens or from local farmers' markets to savor when the items are not in season. To preserve produce safely, the U.S. Department of Agriculture provides time-proven canning and freezing procedures.

Blanch vegetables before freezing them. Blanching is the process of heating or scalding vegetables in boiling water or steam for a short time. This slows or stops enzymatic action that reduces flavor, color and texture. It also removes dirt and organisms from vegetable surfaces; helps retard vitamin loss; and wilts or softens vegetables, making them easier to pack in freezer containers.

Use a wire blanching basket and covered saucepan or a wire basket in a large kettle with a fitted lid. Use 1 gallon

water. Be sure to keep heat high for the total blanching time.

Quickly and thoroughly cool vegetables to stop the cooking process. Otherwise, they'll be overcooked and lose flavor, color, vitamins and minerals. Inadequate draining before freezing, slow freezing or temperature fluctuations above 0 degrees Fahrenheit might cause this. It can also affect a frozen vegetable's texture and appearance.

Frozen food is only as good as the quality of the fresh food. So choose high-quality products at optimum maturity and freshness. Although freezing doesn't kill all bacteria, yeasts and molds in food, it does keep them from rapidly multiplying when the food remains at 0 degrees F or less. However, surviving organisms can multiply when the food is thawed.

When canning foods, wash and blanch them before filling jars. Do not over pack jars as this can cause inadequate processing and result in unsafe food. Nearly all fresh vegetables must be processed

vent of the pressure. This allows the temperature to cool.

If you discover a jar within 24 hours can safely be removed the lid and jar sealing surface. Change needed and treated lid; then using the same processing time.

Properly canning retain optimum for at least one stored in a cool Canned food some quality in or months if stored place (near hot nance or in direct depending on nature. Dampness, rone cans or causing leakage spoilage.

Testing of pre lids as well as attention on canning, other food preservatives is available a County Cooperative Extension Service in Lexington, Ky. Educational