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January 26, 2010

Mr. Bobby Powell  
Kirksville Water Association  
Post Office Box 670  
Richmond, Kentucky 40476-0670

John Judson Patterson, Esq.  
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Post Office Box 825  
Richmond, Kentucky 40476-0825

Re: Kirksville Water Association  
Case No. 2009-00315

Gentlemen:

Commission Staff has reviewed Kirksville Water Association's response to Commission Staff's letter of October 5, 2009. Despite this response, Kirksville Water Association's application is still deficient in the following respects:

1. It does not contain a statement that Kirksville Water Association has served a copy of its initial and subsequent filings upon the Attorney General. In its letter of August 12, 2009, Kirksville indicates that the subsequent filing has been served on the Attorney General, but fails to indicate whether the initial filing had been served. See 807 KAR 5:011, Section 10(1)(b).
2. The application does not contain a statement why the proposed changes could not have been included in Kirksville Water Association's last rate filing and why current conditions prevent the water association from deferring the charge until its next rate proceeding. See 807 KAR 5:011, Section 10(1)(c).
3. The application fails to contain a statement that the additional revenue generated from the proposed tariff revisions will not exceed by five percent the total revenues

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provided by all miscellaneous and non-recurring charges for a recent twelve month period ~~or~~ an absorption test showing that the additional net income generated by the tariff filing will not result in an increase in the rate of return to a level greater than that allowed in Kirksville Water Association's most recent rate case. See 807 KAR 5:011, Section 10(2).

4. The application fails to contain a request for a deviation from 807 KAR 5:011, Section 10(3), which limits a utility to two non-recurring charge filings between general rate case proceedings.

5. The public notice does not conform to the requirements of 807 KAR 5:011, Section 8(2). It fails to contain any of the required language regarding intervention. A copy of the required notice language is enclosed.

The statutory time period in which the Commission must process your application will not commence until the listed deficiencies are cured. Please file five copies of the listed material within 15 days of the date of this letter. Any questions regarding this letter should be directed to Gerald Wuetcher, Executive Advisor, at (502) 564-3940, Extension 259.

Sincerely,



Jeff Derouen  
Executive Director

Enclosure

Section 8. Notices. Notices shall be given by the utility in the following manner:

(1) Advance notice, abbreviated newspaper notice. Utilities with gross revenues greater than \$1,000,000 shall notify the commission in writing of Intent to File Rate Application at least four (4) weeks prior to filing. At or about this time application may be made to the commission for permission to use an abbreviated form of newspaper notice of proposed rate increases provided the notice includes a coupon which may be used to obtain a copy from applicant of the full schedule of increases or rate changes.

(2) Notice to customers of proposed rate changes. If the applicant has twenty (20) or fewer customers, typewritten notice of the proposed rate changes and the estimated amount of increase per customer class shall be placed in the mail to each customer no later than the date on which the application is filed with the commission and, in addition, a sheet shall be posted at its place of business containing such information. Except for sewer utilities which must give a notice by mail to all of their customers pursuant to KRS 278.185, all applicants with more than twenty (20) customers shall post a sheet stating the proposed rates and the estimated amount of increase per customer class at their place of business and, in addition, notice thereof:

(a) Shall be included with customer billings made on or before the application is filed with the commission; or

(b) Shall be published by such date in a trade publication or newsletter going to all customers; or

(c) Shall be published once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in their service area, the first publication to be made prior to the filing of the application with the commission. Each such notice shall contain the following language:

The rates contained in this notice are the rates proposed by (name of utility). However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice.

(3) Notice as to intervention. The notice made in compliance with subsection (2) of this section shall include a statement to the effect:

(a) That any corporation, association, body politic or person may by motion within thirty (30) days after publication or mailing of notice of the proposed rate changes request leave to intervene;

(b) That the motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party; and

(c) That intervenors may obtain copies of the application and testimony by contacting the applicant at a name and address to be stated in the notice. A copy of the application and testimony shall be available for public inspection at the utility's offices.

(4) Compliance by electric utilities with rate schedule information required by 807 KAR 5:051. If notice is given by subsection (2)(a) or (b) of this section and if the notice contains a clear and concise explanation of the proposed change in the rate schedule applicable to each customer, no notice under Section 2 of 807 KAR 5:051 shall be required. Otherwise, such notice shall be given.

(5) Notice of hearing. Where notice pursuant to KRS 424.300 is published by the applicant in a newspaper, it shall be published in a newspaper of general circulation in the areas that will be affected one (1) time not less than seven (7) nor more than twenty-one (21) days prior to the hearing giving the purpose, time, place and date of hearing.

(6) Extensions of time. Applications for extensions of time shall be made to the commission in writing and will be granted only upon a showing of compelling reason.

Section 9. Statutory Notice to the Commission. (1) When a new tariff has been so issued and notice thereof given to the commission and the public in all respects as hereinbefore provided, such tariff will become effective on the date stated therein unless the operation thereof be suspended and the rates and administrative regulations therein be deferred by an order of the commission pending a hearing concerning the propriety of the proposed rates and administrative regulations under KRS 278.190.

(2) All information and notice required by these rules shall be furnished to the commission at the time of the filing of any proposed revisions in rates or administrative regulations, and the twenty (20) days' statutory notice to the commission will not commence to run and will not be computed until such information and notice is filed if the commission determines that there was a substantial omission, which was prejudicial to full consideration by the commission or to an intervenor.

Section 10. Nonrecurring Charges. Nonrecurring charges are charges to customers due to a specific request for certain types of service activity for which, when the activity is completed, no additional charges may be incurred. Such charges are intended to be limited in nature and to recover the specific cost of the activity. Nonrecurring