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PUBLIC SERVICE
COMMISSION

March 18, 2014

Jeff R. DeRouen, Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RE: Jessamine-South Elkhorn Water District CPCN Application

2014-00084

Dear Mr. Derouen,

It is my understanding that a letter dated March 7, 2014 was sent to you by South Elkhorn Water District's counsel in regard to an application filed by South Elkhorn Water District ("the Water District") for approval of construction and financing of an above-ground storage tank. In addition, it is my understanding that this letter represented that Kentucky American Water would be sending a statement to the Public Service Commission confirming certain statements in the letter.

I can confirm that I requested a meeting with the Water District to discuss several matters, and that the meeting occurred with Nick Strong, Water District Board Member, on March 7, 2014. During the meeting, we discussed Kentucky American Water's storage capacity and the inability of Kentucky American Water to guarantee additional capacity to serve the Water District in an emergency situation.

I can also confirm that Kentucky American Water's agreement with the Water District places responsibility for storage solely on the Water District. Any changes to this agreement would require analysis, negotiation and a written agreement signed by both parties, none of which has occurred at this time.

Sincerely,

Cheryl D. Norton
President

c: Sen. Tom Buford
Rep. Robert R. Damron
Nick Strong
Bruce Smith, Esq.