

PAUL R. GEARHEART
PRESIDENT

PAUL D. GEARHEART
VICE PRESIDENT

August 14, 2007

Beth O'Donnell, Executive Director
Public Service Commission of the
Commonwealth of Kentucky
211 Sower Boulevard
Frankfort, KY 40602-0615

Re: Administrative Case # 360
Lifeline Audits due by August 15, 2007
Order dated May 24, 2007

Dear Ms. O'Donnell;

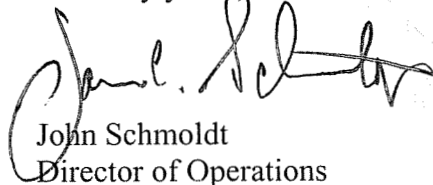
In June and July of 2007 we audited 100% of our Lifeline customers to determine continued eligibility. The results are as follows:

<u>Number</u>	<u>%</u>	<u>Responses</u>
723	61.38	YES with proper documentation
11	0.93	NO
<u>444</u>	<u>37.69</u>	HAVE NOT RESPONDED
1178	100.00	

Notices were mailed out to our customers on June 27, 2007. We sent a second notice on July 23, 2007 and since have called all non responders and have given them until August 15, 2007.

If you have any questions please call James Campbell at 606-479-6254 or jcamp@mis.net or myself at 606-479-6242 or schmoldt@mis.net.

Sincerely yours,



John Schmoldt
Director of Operations

RECEIVED

AUG 15 2007

PUBLIC SERVICE
COMMISSION