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April 21, 2005

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PUBLIC SERVICE
COMMISSION

FEDERAL EXPRESS

Ms. Elizabeth O'Donnell
Public Service Commission
211 Sowers Boulevard
Frankfort, Kentucky 40601

Re: Case No. 2005-00072

Dear Ms. O'Donnell:

This letter is the response of Henderson County Water District ("HCWD") to the Commission's April 15, 2005, Order, with Staff's findings and recommendations attached thereto. HCWD accepts the recommendations and requests that the case be submitted to the Commission promptly for a decision. The rates charged by HCWD's wholesaler increased effective March 1, 2005, by approximately \$20,000.00 monthly, so time is definitely of the essence in getting the first phase-in rates in effect.

HCWD's application requested a three step phase-in of rates with the third step to become effective in four (4) years, and the Staff's recommendations provide for only a two (2) step phase-in. HCWD does not want its acceptance of Staff's recommendations to be construed as a waiver of the right

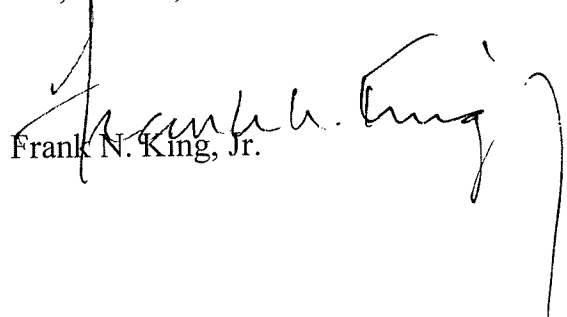
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to apply for an adjustment in rates following the second phase-in, or for that matter at any time in the future, if HCWD believes an application is justified. Therefore, HCWD respectfully requests that the Commission's order recognize that HCWD's acceptance is not such a waiver and that HCWD is not precluded from applying for an adjustment in rates in the future if HCWD believes such an adjustment is justified.

Very truly yours,

DORSEY, KING, GRAY, NORMENT & HOPGOOD

By


Frank N. King, Jr.

FNKJr/cds

COPY: Mr. David Edward Spenard
Assistant Attorney General