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December 12, 2007

Ms. Beth O'Donnell, Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602

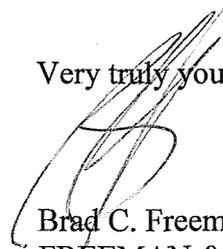RE: West Laurel Water Association
        Case No. 2005-00477

Dear Ms. O'Donnell:

    I represent the Cumberland Falls Water District. I am writing to follow up on inquiry and request for review submitted by Kenvirons via Carlos Miller. A copy of his letter dated June 5, 2007 is attached for your convenience. Please let me know what action, if any, has been taken on this request and the status of same. Thanks.

Very truly yours,

Brad C. Freeman
FREEMAN & CHILDERS

BCF/trm
Enclosures
CFHWD

Office location: 201 S. Main Street ~ Corbin, Kentucky 40701

June 5, 2007

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Blvd
P.O. Box 615
Frankfort, Kentucky 40602

RE: West Laurel Water Association
       Case No. 2005-00477

Dear Ms. O'Donnell:

A review of the commission staff generated rate study in the referenced case has revealed a calculation error that impacts the wholesale rate to Cumberland Falls Highway Water District (CFHWD).

On page 7 of Attachment D, the Wholesale Production Allocation Factor is calculated to be 0.0425. Utilizing the numbers in the calculation as continued in the study, the result should have been 0.0347. In actuality, the number 1.3795 in the calculation should be 1.2926 calculated as the West Laurel Water Production Factor. Utilizing the data in the study, the calculation of the Wholesale Production Allocation Factor is

$$\frac{1.1265 \times 11,686,000}{1.2926 \times 274,829,000} = 0.0371$$

On page 9 of Attachment D, the Wholesale Allocation Factor of 0.0425 is multiplied by the expense of $828,388 for a cost allocation of $35,224. The $828,388 expense should have been allocated with a Water Production Factor of 0.0371 yielding $30,698 for a total allocation to CFHWD of $37,809 ($7,111 + $30,698). This correction results in a wholesale rate of $3.24 per 1,000 gallons rather than $3.62.

It is hereby requested, on behalf of CFHWD, to review this study and determine if the rate as contained in the order should be adjusted.

If I can assist, do not hesitate to contact me.

Sincerely,

Carlos F. Miller, P.E.
Vice President