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October 18, 2006

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

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PUBLIC SERVICE
COMMISSION

RE: Nicholas County Water District – Phase VIII
Case No. 2006-00432
SME: 03013

Dear Ms. O' Donnell:

In response to question No. 1, the final engineering report contained a mistake and has been corrected to match the Rural Development letter of conditions. The RD letter of conditions states that the RD loan will be \$203,000 and a grant of \$140,000. Please see attached revised project budget.

In response to question No. 2, the project does contain 2" water line to serve dead end areas where larger lines would not be feasible due to the anticipated demands of the existing and possible future households. Please note that this been approved by the Kentucky Division of Water.

Please consider this response as an answer to your questions.

If you have any questions, please feel free to contact me.

Sincerely,


Michael K. Maggard
Project Engineer

MKM/mf

Pc: NCWD

W/enclosures