

November 20, 2007

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PUBLIC SERVICE
COMMISSION

Case: 2007-00134

Dear Kentucky Public Service Commission,

While you are not required to consider the environment when you make your Kentucky American Water (KAW) pipeline proposal decision-- a baffling omission given the public services that intact natural resources provide for us and given that KAW has chosen not to undergo an environmental impact statement for one of the biggest proposed infrastructure projects in central Kentucky history--you are required, at least, to consider the cost to ratepayers.

On the chance that you would like to free yourself somewhat from your narrow mandate, I would encourage you to take an expanded look at cost, to look at the numbers you've been given in such a way that allows you to see not only the numbers but their context as well.

On the promontory afforded to you as the Public Service Commission, you are in a better position than most of us to sort through the wildly differing cost claims from KAW and the Louisville Water Company (LWC).

You should be able to see what is motivating each water company. The Louisville Water Company has excess treated water that it wants to sell to central Kentucky. Kentucky American Water, while attempting to satisfy your mandate to them, is also attempting to own and control its own pipeline, first from Lexington to Monterey, then eventually from Monterey to the Ohio River at Carrollton. The exorbitant cost and destruction of this route to the Ohio (as compared to Louisville's I-64 proposal) can only make sense when you consider that KAW is a privately owned company whose parent company stocks are scheduled to be traded this year. The more infrastructure KAW owns, the better the price it can receive. Maybe this is why KAW has never approached the Louisville Water Company with the proposal (Lexington to Louisville) that the 2004 Water System Regionalization Feasibility Study deemed the lowest cost option.

Which company's figures are more credible? I trust that you can see that the publicly owned Louisville Water Company, which has a highly touted civic record, has more credibility than the privately owned Kentucky American Water Corporation. If you look at each company's rate increases over the past couple of decades, you will see that Louisville's has been much more modest.

From your position you should also be able to see the hidden costs of a pipeline that cuts through the beautiful Elkhorn Creek valley, as opposed to the already impacted I-64 corridor. Let me list a few of the more obvious costs: 1) the damage that big equipment can inflict on our rural roads; 2) the loss of trees and the negative impact on scenery and tourism revenue; 3) the cost for local governments as they provide services for the residential sprawl that could result.

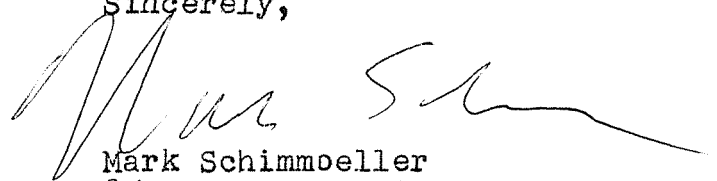
And I trust, from your promontory, from the slightly better overlook you have than the rest of us, you will be able to see the even subtler hidden costs of KAW's plan.

You will be able to see that when a field or a woods is replaced by houses, when a spring is disrupted, when a tree that gives a

commuter inspiration is pushed over, there is a cost to us, and it leaves us poorer of spirit. A huge pipeline along the I-64 utility easement is not likely to change the character of the utility easement. That same pipeline through Peaks Mill and Switzer, with its attendant hazards and consequences, could very well change the character of these communities. If you can't see this hidden cost from where you are, please climb a little higher till you can.

Please make us proud of your work as the Public Service Commission and endorse Louisville's plan, which is the least costly to us, in every sense of the word.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Mark Schimmoeller', with a long horizontal flourish extending to the right.

Mark Schimmoeller
852 Gregory Woods Rd.
Frankfort, KY 40601