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August 20, 2007

Received
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P.S.C.

Public Service Commission
P. O. Box 615
Frankfort, Kentucky 40602-0615

Re: Case # 2007-00134

Commissioners:

Kentucky American Water Company's proposed pipeline through Scott and Franklin Counties is not the best way to address central Kentucky's water problem. A superior alternative is to link with the Louisville Water Company's eastward expanding pipeline carrying treated Ohio River water.

Given that KAW plans to extend a pipeline from its proposed Monterrey plant to the Ohio River anyway, KAW obviously recognizes the need for the inexhaustible Ohio to supply Lexington and central Kentucky. Why build this $265 million project when a link to Louisville can be completed for $200 million less?

Naturally, KAW favors the more expensive project. The company is in business to sell water, and is guaranteed a profit on its ventures. The bigger the project, the bigger the bottom line, and a healthy boost to the balance sheet looks nice at a time when the company is for sale. Surely we've all noticed the massive rate increase requests filed by more than a dozen of KAW's sister companies nationwide.

Incredibly, KAW actually asserts that the Louisville plan, costing $56 million and selling non-profit water, will actually be more expensive in the long term than the KAW plan, costing $265 million and selling for-profit water! How inefficient would KAW have to be in cooperating with a public utility for that to be true? But, in truth, KAW has no choice but to argue this. They certainly can't admit that another plan is better than theirs.

The mission of the Public Service Commission is "to foster the provision of safe and reliable service at a reasonable price to the customers of jurisdictional utilities while providing for the financial stability of those utilities by setting fair and just rates." It is not reasonable to expect central Kentucky ratepayers to pay nearly five times more for a project than is necessary. And the Louisville pipeline would not affect the financial stability of Kentucky American at all. KAW would still be earning profits on the water it sells; it would just start from a significantly smaller investment.

Importantly, Louisville Water is ready and willing to extend its pipeline and provide the water needed to central Kentucky. The Louisville pipeline is far less destructive to the environment, far less destructive to the aesthetic beauty of the region, far less destructive to property owners, far less destructive to the pocketbooks of ratepayers, and it is eminently doable.

The greater good will be served by rejecting the preference of the giant private water company.

Sincerely yours,
Robert A Pinkston

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