

Martin B. Solomon, Ph.D.
3913 Rock Ledge Lane
Lexington, KY 40513

Phone: 859-224-0946

e-mail: mbsolomon@aol.com

Fax: 859-224-0946

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Mark David Goss, Chairman
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort KY 40601

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**PUBLIC SERVICE
COMMISSION**

Case 2007-00134

Dear Chairman Goss:

It seems obvious to many of us in the Bluegrass that Kentucky American Water has no interest in providing the most cost effective solution to the future water supply problem. This is clearly the case since KAW has continually refused to meet with Louisville Water to discuss issues and potential compromises that would allow a more optimal solution.

An unambiguous case in point is the amount of water that KAW would be required to contract for. LWC has proposed a 2:1 purchase:guarantee ratio for water purchases. KAW claims that it wants to guarantee itself 20 mgd and that it would be required to contract for 10 mgd from day one. But it is ludicrous to initially contract for a 20 mgd guarantee, since that would not be required for at least 20 years in the future. This problem could have been overcome if KAW was willing to discuss the issue whereby KAW would learn that there are more cost effective solutions to its problem whereby it could initially contract for 5 or 6 mgd and, over time, boost its guarantee without the excessive costs KAW now projects. This is the same trick used by the Bluegrass Water Supply Commission to disqualify LWC by requiring a guarantee of 45 mgd from day one, an undoubtedly contrived and stupid economic requirement.

But KAW refuses to even discuss this. Why? Because the larger the amount of water that KAW would be required to purchase, the less attractive is the LWC proposal. So, in order to be able to say that the KAW plan is more cost effective, KAW has exaggerated both the required water purchase and projected future demands to try to make its point. But that is so transparent and cynical, that nobody should buy into this ploy.

It seems so evident that KAW wants to have its plan approved because it is NOT the most cost effective, but will return the greatest profits to a company desperately trying to figure out how to spice up its potential profits in preparation for an Initial Public Offering.

The citizens of the Bluegrass are counting on you to prevent us from being overcharged for our future water. Please demand the KAW goes back to the drawing board, work with LWC and come up with a more desirable plan that both companies can support.

Thank you for your concern,



Martin Solomon