

Dear Mr. McDonald:

Your comments have been received and will be placed into the case file for the commission's consideration as it deliberates in this matter. For your reference, the case number in this matter is 2007-00134. Please reference this number in any future correspondence with the PSC. Thank you for your interest.

Andrew Melnykovich
Director of Communications
Kentucky Public Service Commission
(502) 564-3940 x 208

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From: PSC - Public Information Officer
Sent: Wednesday, November 21, 2007 3:45 PM
To: Melnykovich, Andrew (PSC)
Subject: FW: Document submission for Case No. 2007-00134

From: andrew mcdonald[SMTP: E-MAIL ADDRESS REDACTED]
Sent: Wednesday, November 21, 2007 3:43:46 PM
To: PSC - Public Information Officer; O'Donnell, Beth (PSC)
Subject: Document submission for Case No. 2007-00134
Auto forwarded by a Rule

To whom it may concern:

I would like to see that the following news story is entered into the public record in the case involving Kentucky American Water Company's pipeline proposal, Case No 2007-00134. Thank you.

Andy McDonald
2235 Gregory Woods Rd, Frankfort, KY 40601

Mayor backs Louisville pipeline

BY CHARLIE PEARL
8 hours ago



Mayor Bill May

Mayor Bill May didn't attend the Frankfort Plant Board's public hearing on future water options Tuesday. But his letter supporting the Louisville Water Co. option " read by board member Michael Dudgeon " received a huge applause from the crowd.

May's letter said, in part, "After much thought and discussion, I have concluded that the Kentucky American Water Co. (KAWC) proposal is not in the best interest of Franklin County citizens or for that matter the citizens of Kentucky. "I have learned the KAWC proposal is not the least cost option available. The 2004 report issued by O'Brien and Gere for the Bluegrass Water Supply Consortium pointed to a connection between Lexington and Louisville as the most cost-effective solution to Central Kentucky's water supply deficit." May's letter said RW Beck Consulting Engineers, a consultant for the Louisville Water Co., recently issued a report confirming the cost-effectiveness of a Louisville pipeline. That report is on file with the Kentucky Public Service Commission.

The cost differential between the two proposals " Kentucky American Water's and Louisville Water Co.'s "is substantial," May's letter said. "These costs will be borne by plant board customers and residents throughout Central Kentucky." Besides the cost advantage of a connection to the Louisville Water Co. in Shelby County, "it makes much more sense to situate these large utility easements alongside major thoroughfares " in this case I-64," May's letter said. "It is poor public policy to stray from these already developed corridors when there are other viable options.

"As residents of northern Franklin County have made clear to me, it makes no sense to cut an 8-foot deep trench through rural Franklin County when there is a better way."

Since the city of Frankfort is a member of the Bluegrass Water Supply Commission, May said he felt a responsibility to "take a position on this issue." He said he would submit his comments to the Public Service Commission opposing Kentucky American's plan and supporting Louisville Water Co.'s plan. "I encourage the plant board to do so as well, in the best interests of our community," his letter said.

About 30 citizens spoke at the hearing and almost all of them voiced opposition to Kentucky American Water's plan and support for the Louisville Water Co. plan.

Frankfort Plant Board members didn't vote on the issue Tuesday but are expected to vote at a meeting before Nov. 26 when the Public Service Commission (PSC) hears testimony regarding Kentucky American Water's proposal.

The Plant Board's next meeting is 1 p.m. on Nov. 20.

Plant Board member Ann Wingrove wouldn't say specifically how she would vote, but gave a hint by saying, "We are a public utility and I think certain things should be publicly owned and I think water is one of them. We will have a decision before the Public Service Commission hearing. We want to weigh in before that hearing."

Louisville Water Co. is a publicly owned utility and Kentucky American Water is a privately owned company.

Dudgeon said he's glad the Plant Board decided to have the public meeting "to hear from our customers how they feel about this issue. Speaking for myself, I have not made a decision about whether or not to support one plan over the other.

"We are fortunate that we have some other alternatives that may be out there as well. But obviously this is the one we are going to have to face coming up pretty soon. It's a complicated deal. For a lot of folks, and rightly so, it's an emotional one. We want to take all of that into consideration. But ultimately, what we have to do is what is best for our customers."

Joe Smith, chairman of the Plant Board, said he knows where he's leaning, "but I don't want to say anything publicly yet." After the Nov. 20 Plant Board meeting, Smith said he "suspects we may be having a second meeting shortly thereafter."

Before the board votes on the issue, the Plant Board staff "has to do some analytical work that we have to look at," Smith said. "I'm not really sure where that is in the process. Making an informed decision is more important than a quick decision.

"The thing we have to grapple with, this is not a decision for today, tomorrow or 10 years out. We're looking at making a decision that will affect people for 50 years. As the group pointed out, the Frankfort Plant Board is in a key position to affect not only our immediate customers but the whole Central Kentucky region."

In June, Franklin County Fiscal Court voted 4-2 to oppose Kentucky American's plan. Magistrates Don Sturgeon and Lambert Moore spoke Tuesday against Kentucky American's plan and for Louisville Water Co.'s plan.

Kentucky American plans to build a water treatment plant on Pool 3 of the Kentucky River in Owen County and construct a 42-inch, 31-mile pipeline to Fayette County that would run 15.3 miles through northern Franklin County. The estimated cost is \$160 million, according to Kentucky American's Engineering Director Linda Bridwell.

The Louisville Water Co. proposed an alternative to the PSC, which will ultimately decide whether to approve the Lexington water company's plan. Louisville Water would finance a 16-mile pipeline from Interstate 265 (Gene Snyder Freeway) in Jefferson County to Ky. 53 in Shelby County.

From there, a 36-inch pipeline would run parallel to I-64 for 42 miles before intersecting Newtown Pike in Fayette County. The project would cost \$88 million and could deliver up to 30 million gallons of water a day.

The price would be fixed at \$1.71 for 1,000 gallons until 2016, and after that, rate hikes would be tied to increases in the Consumer Price Index.

After the meeting, Susan Lancho, spokeswoman for Kentucky American Water, said, "We appreciated the opportunity to share information about our water supply project with the Frankfort Plant Board members. Many options have been carefully evaluated over the years for addressing this important issue " including Louisville options. But we remain confident the new water treatment

plant on Pool 3 of the Kentucky River is the right thing to do for the future of our region."

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