



LOUISVILLE, KENTUCKY
OFFICE OF THE MAYOR

JERRY E. ABRAMSON
MAYOR

January 22, 2008

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**PUBLIC SERVICE
COMMISSION**

Central Kentucky Legislators
State Capitol
Frankfort, Kentucky 40601

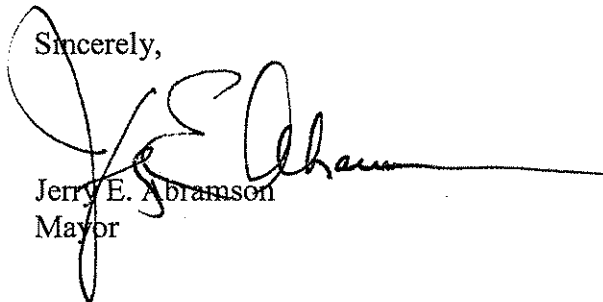
Dear Central KY Legislators:

This is in response to your letter regarding the long term water supply needs for Central Kentucky. Louisville Water Company (LWC) has made several presentations to Lexington-Fayette Urban County Government (LFUCG) and has offered a detailed proposal. Enclosed for your review is a summary of the key components of the proposal.

Louisville Water Company is willing to work with or partner with any entity that will help in the success of this project. The Company would be happy to meet with you to answer any questions.

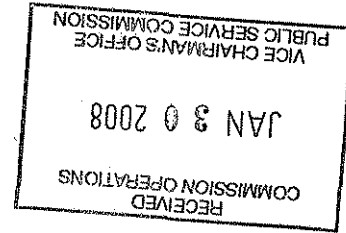
Thank you for your continued interest in this very important issue. Please do not hesitate to call on me if I can be of any assistance to you.

Sincerely,



Jerry E. Abramson
Mayor

cc: Gregory C. Heitzman, President LWC



Louisville Water Company
Interstate 64 Pipeline Proposal

January 22, 2008

Louisville Water Company (LWC) has submitted a detailed proposal for supplying water to Central Kentucky to the KY Public Service Commission and has made several presentations to the Lexington Fayette Urban County Council. Key components of the proposal include:

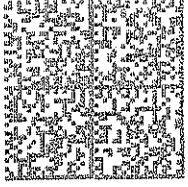
- Construction of a 36-inch pipeline from Jefferson County to Fayette County. A 36-inch water main can supply 25 to 35 million gallons of water a day.
- The proposed route would be adjacent to the I-64 corridor.
- LWC will build and fund the portion of the main from Jefferson County to Shelbyville Highway 53 in Shelby County. This represents a \$35 million investment by LWC.
- LWC will provide water service to wholesale customers connecting to the pipeline at the rate of \$1.71 per thousand gallons.
- The \$1.71 rate is guaranteed until December 31, 2015.
- The cost of the water main from Shelbyville Highway 53 to Lexington is estimated to be \$88 million.
- The Louisville Water Company proposal represents a net present cost savings of \$105 to \$147 million for the rate payers of Lexington.

On January 15, 2008 Louisville Water Company met with the Council and updated them on the following key components:

- The Kentucky Transportation Cabinet has an existing policy that allows for utilities to use the public right of way along interstate highways under certain conditions.
- Louisville Water Company has partnered with the Frankfort Plant Board, the North Shelby Water Company, the West Shelby Water District, Shelbyville Water and Sewer, and the U.S. 60 Water District to design and build a pipeline from Jefferson County to Frankfort. Each party has committed to fund the cost associated with hiring an engineering consultant to begin the design on this section of the pipeline.



Senator Tom Buford
409 West Maple
Nicholasville, KY 40356



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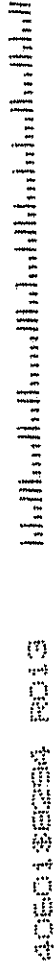
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Attn: John W. Clay, Vice-Chairman
KY Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602-0615



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