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May 31, 2011

Ms. Karen Lee
Jessamine County Water District No. 1
2225 Nicholasville Road
Nicholasville, Kentucky 40356-9702

Re: Case No. 2011-00105
Jessamine County Water District No. 1

Dear Ms. Lee:

This letter is to confirm our telephone conversation of May 28, 2011, in which I inquired about the current rates of Jessamine County Water District No. 1 ("Jessamine District").

In this conversation, you stated the following:

- Jessamine District did not place into effect the rates that the Commission approved in Case No. 2010-00402. Those rates reflected the increased cost of purchased water from Kentucky-American Water Company due to a rate adjustment that Kentucky-American placed into effect, subject to refund, on September 28, 2010 and which the City of Nicholasville subsequently passed through to Jessamine District on November 3, 2010.
- Prior to Jessamine District billing at the higher rates approved in Case No. 2010-00402, the Commission issued a final Order in Case No. 2010-00036, in which the Commission approved lower rates than Kentucky-American Water Company had requested and required Kentucky-American to refund all monies collected in excess of those rates.
- Rather than bill at the higher rates that the Commission approved in Case No. 2010-00402, Jessamine District recalculated its rates based upon the final rates approved for Kentucky-American Water Company and began charging those rates for service rendered on and after January 15,

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2011. These are the same rates for which Jessamine District seeks approval in Case No. 2011-00105.

If your recollection of our telephone conversation differs, please advise immediately.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerald E. Wuetcher". The signature is fluid and cursive, with a prominent initial "G" and a long, sweeping underline.

Gerald E. Wuetcher
Executive Advisor

cc: Case File
Carl Waits