

May 4, 2004

RECEIVED

MAY 05 2004

PUBLIC SERVICE  
COMMISSION

Mr. Thomas Dorman  
Public Service Commission  
211 Sower Blvd  
Frankfort, KY 40602

Case No. 2004-00103

Dear Mr. Dorman:

I am writing to express my concern regarding a recently received notice from the Kentucky-American Water Company. (Please see enclosed photocopy). As you can see, under their proposal, average rates for residential as well as commercial customers would rise over 40 percent!

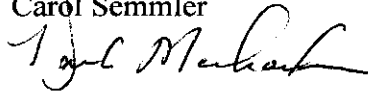
While periodic, reasonable increases in utility rates are both necessary and expected, for Kentucky-American to gouge customers in order to facilitate their purchase of Tri-Village Water District is inherently unfair.

With the cost of other utilities also on the rise, I trust your office will make every effort to negotiate a fair and balanced settlement in this matter. You may contact me at any time if needed, or if you can provide additional details.

Thank you for your assistance.

Sincerely,

Paresh Merchant  
Carol Semmler



430 Eagle View Lane  
Owenton, KY 40359  
(502) 484-5352

# NOTICE

Notice is hereby given that Kentucky-American Water Company, a Kentucky corporation, seeks approval by the Public Service Commission, Frankfort, Kentucky, for an adjustment of rates to become effective May 30, 2004, for service rendered on and after May 30, 2004, in the total amount of \$338,638 on an annual basis. The percentage of increase will approximate 41.04% to Kentucky-American. The estimated amount of increase for the residential class in the Northern Division of the former customers of Tri-Village Water District is: residential, \$314,969, 40.26%; commercial, \$12,082, 40.26%; municipal and other public authority, \$3,234, 40.26%; sales for resale \$1,874, 40.26%; and the estimated amount of increase for the new activation fee class is \$6,480.00, 100%. The effect upon the average bill for each customer class that the proposed rate change will apply is an increase in the residential class of \$15.51, 40.26%; commercial, \$101.52, 40.26%; municipal and other public authority, \$352.13, 40.26%; sales for resale \$872.07, 40.26% and an increase for the new account set up class (activation fee) of \$24.00, 100%.

The present rates charged by Kentucky-American Water Company in the Northern Division to the former customers of Tri-Village Water District and customers added to that distribution system are as follows:

## SERVICE CLASSIFICATION NO. 1

### Applicable

Applicable to all customers in the Northern Division formerly served by Tri-Village Water District.

### Monthly Water Rates

|                     |                        |
|---------------------|------------------------|
| First 2,000 gallons | \$19.40 minimum bill   |
| Next 4,000 gallons  | 6.22 per 1,000 gallons |
| Next 4,000 gallons  | 6.10 per 1,000 gallons |
| Next 10,000 gallons | 5.98 per 1,000 gallons |
| Over 20,000 gallons | 5.74 per 1,000 gallons |

### Tap-On Fees

|                         |                             |
|-------------------------|-----------------------------|
| 5/8 x 3/4 - Inch meters | \$530                       |
| Larger Meters           | Actual Cost of Installation |

The proposed rates to be charged by Kentucky-American Water Company in the Northern Division to customers formerly served by Tri-Village Water District and customers added to that distribution system are as follows:

## SERVICE CLASSIFICATION NO. 1

### Applicable

Applicable to all customers in the Northern Division formerly served by Tri-Village Water District.

### Monthly Water Rates

|                     |                          |
|---------------------|--------------------------|
| First 2,000 gallons | \$27.21 minimum bill     |
| Next 4,000 gallons  | \$8.72 per 1,000 gallons |
| Next 4,000 gallons  | \$8.56 per 1,000 gallons |
| Next 10,000 gallons | \$8.39 per 1,000 gallons |
| Over 20,000 gallons | \$8.05 per 1,000 gallons |

### Tap-On Fees

|                         |                             |
|-------------------------|-----------------------------|
| 5/8 x 3/4 - Inch meters | \$530                       |
| 1" Meters               | \$945.00                    |
| 2" Meters               | \$4,250.00                  |
| Larger Meters           | Actual cost of installation |

### NEW ACCOUNT SET UP

An activation fee of \$24.00 shall be charged to setup a new account when there is a change ownership or tenancy. This will cover the cost of meter reading and record setup.