

May 9, 2007

RECEIVED

MAY 11 2007

PUBLIC SERVICE  
COMMISSION

3157 Caversham Park Ln.  
Lexington, KY 40509

Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40601

RE: Kentucky American Water Rate Increase

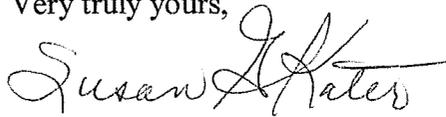
*Case No. 2007-00143*

Gentlemen:

Recently I received communication from Kentucky American Water that it is planning to ask for a twenty-five percent rate increase. It claims it hasn't had a rate increase in three years and seems to feel justified in requesting this usurious amount.

After reviewing the average rate of inflation for the U.S. from the past three years, I've discovered that it has hovered at about three percent annually. Obviously, Kentucky American Water's request is outrageous and I am requesting that the Public Service Commission limit this increase to approximately eight percent; this would be much more in line with the reality of the numbers.

Very truly yours,



Susan G. Kater