



Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

John W. Clay
Commissioner

April 8, 2009

PARTIES OF RECORD

Re: Case No. 2008-00427

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact M. Todd Osterloh at 502/564-3940, Extension 439.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

Attachment

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File

FROM: Todd Osterloh, Staff Attorney

DATE: April 8, 2009

RE: Case No. 2008-00427
Conference of April 6, 2009

On April 6, 2009, the Commission held a conference in this case in the Commission's offices in Frankfort, Kentucky. The purpose of the meeting was to discuss the proposed settlement, the plan for the public meeting, and the procedure for the public hearing. A sign-in sheet from the conference is attached to this memorandum.

Beginning the conference, Commission Staff stated that it would prepare minutes of the conference for the case record, that a copy of these minutes would be provided to all parties, and that all parties would be given an opportunity to submit written comments upon those minutes.

Lindsey Ingram, III, counsel for Kentucky-American Water Company ("Kentucky-American"), briefly discussed the settlement and the documents that have been filed with the Commission. He mentioned that the format of the settlement agreement and the filed documents is similar to that of the settlement proposed in Case No. 2007-00143, Kentucky-American's last general rate case.

Dennis Howard, counsel with the Office of the Attorney General ("AG"), noted that the parties agreed to permit Kentucky-American to begin earning a cash return on a portion of the Kentucky River Station II Construction Work in Progress by including it in the rate base without an Allowance for Funds Used During Construction ("AFUDC") offset. Although the AG advocates the use of AFUDC in most cases (and will likely support it in future cases), the parties agreed that this was a reasonable solution under the circumstances of this case.

Commission Staff discussed the plans for the public meeting that is to be held on April 07, 2009 at Bryan Station High School in Lexington, Kentucky. Mr. Osterloh stated that the Chairman of the Commission will offer a brief opening statement, in which he will outline the nature of case before the Commission, as well as a few details of the proposed settlement. The Chairman will note the parameters of the public comments and emphasize the benefit of offering statements that are narrowly tailored to the nature

of the rate case. Representatives from Kentucky-American, the AG's Office, and Commission Staff will be available for general questions after the comment period.

The parties also discussed the procedure for the hearing, which is scheduled for 10 a.m. on April 14, 2009 at the Commission's offices. Commission Staff stated that it anticipated the hearing to have a similar format to the settlement hearing in the last Kentucky-American rate case. Mr. Ingram stated that Kentucky-American would present Nick Rowe and Mike Miller as witnesses at the hearing, and he requested that Commission Staff provide advance notice if it had questions for other individuals.

The conference then adjourned.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION


In the Matter of:

CASE NO. 2008-00427

APPLICATION OF KENTUCKY-AMERICAN WATER COMPANY FOR A
GENERAL ADJUSTMENT OF RATES SUPPORTED BY A FULLY
FORECASTED TEST YEAR

SIGN IN

April 6, 2009

PERSON	REPRESENTING
Todd Osterloh	PSC
Mark Frost	PSC
A.W. Turner	KAWC
Sheila Miller	KAWC
Lindsey Ingram III	KACC
Mike Miller	KAWC
Dennis Howard	OAG
David Edwards-Spencer	OAG
Eddie Beavers	PSC
Sam Reid	PSC
W.L. Wilson	LFACE
	Community Action Council

PERSON

Kristopher Colman

Gerald Wretcher

Virginia Gregg

REPRESENTING

Community Action Council

PSC Staff

PSC Staff