

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF:)
)
THE APPLICATION OF KENTUCKY-AMERICAN) CASE NO. 2010-00036
WATER COMPANY FOR AN ADJUSTMENT OF)
RATES ON AND AFTER MARCH 28, 2010)

ORDERING PARAGRAPH 13 REPORT

In accordance with Ordering Paragraph 13(b) of the Commission’s December 14, 2010 Order in this matter, Kentucky-American Water Company (“KAW”) reports that the collaborative effort to identify and study potential regulatory and legislative solutions to enhance and improve the affordability of water service for low-income customers was initiated in January 2011. An initial meeting among the parties to this matter occurred on February 9, 2011 and a subsequent meeting occurred on March 29, 2011. The parties have discussed potential regulatory and legislative mechanisms to enhance and improve the affordability of water service for low-income customers.

The consensus of the group is that a legislative effort will be a worthwhile effort and should be pursued. The parties have considered legislative efforts that have occurred in states in which KAW’s sister companies do business and have considered Kentucky’s legislation that provides assistance to low-income electricity and gas customers. The parties have agreed to work on drafting proposed legislation over the next several months and have imposed on themselves a deadline of July 1, 2011 to have the proposed legislation in final draft form. The parties have also agreed to work on a plan that will maximize the chances that the proposed legislation will become law. That plan will likely include education about the legislation and its

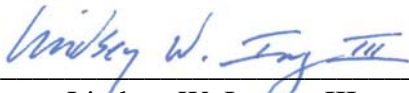
benefits. The parties have not scheduled their next meeting, but it is expected to occur within the next month or so.

The consensus of the group is that there are some additional potential regulatory and legislative solutions that merit study. The parties agree that the final written report on the group's effort will include a discussion that conveys the effort made to identify and study these solutions as well as any corresponding recommendations.

Respectfully submitted,

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CERTIFICATE

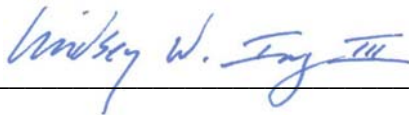
In accordance with Ordering Paragraph No. 6 of the Commission's February 16, 2010 Order, this is to certify that Kentucky-American Water Company's April 1, 2011 electronic filing is a true and accurate copy of the documents to be filed in paper medium; that the electronic filing has been transmitted to the Commission on April 1, 2011; that an original and one copy of the filing will be delivered to the Commission on April 1, 2011; and, that, on April 1, 2011, electronic mail notification of the electronic filing will be provided to the Commission and the following:

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