



April 21, 2009

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PUBLIC SERVICE
COMMISSION

Ms. Marla Pruitt, President
Clinton-Hickman County Chamber of Commerce
P. O. Box 152
Clinton, KY 42031

Re: Rate Increase – Kentucky PSC Case 2008-00563

Dear Ms. Pruitt,

We have seen your letter (undated) recently sent to the Kentucky Public Service Commission (PSC) concerning our proposed rate increase for Water Service Corp. of Kentucky (WSCKY). I wanted to take the opportunity in the hopes of educating the Chamber and our customers on the validity of our request.

First and foremost, I am confident the PSC will be most vigilant in its review of our data to protect the consuming public. It is our intent that the information will be clear, concise and ultimately found to be legitimate and reasonable.

In preparing our PSC required customer notice we determined that the average monthly water used was 3,699 gallons. With our proposed increase, a customer in Clinton using 3,699 gallons per month would pay just \$34.41. That works out to less than 1¢ per gallon or about \$1.15 per day. Regrettably, many people have focused on the “percentage increase” as you have in your letter instead of the projected bill amount or the cost per gallon.

If a consumer were to buy a 16 oz. bottle of water at the convenience store at normal cost of a \$1.00 or more, that would equate to \$8.00 per gallon. The 1¢ per gallon for safe, treated water, delivered to the customer’s faucet is, we believe, a very reasonable amount. I would also like to note that our water was delivered uninterrupted during the devastating January ice storm when other local utilities were shut down and customers had no water for days, even weeks.

Water is of course our most precious resource and our most valuable utility. We do not feel it is unreasonable or burdensome for a consumer to pay less than a 1¢ for a gallon of water. The cost to meet regulatory requirements and provide the level of service we do is continuing to escalate. The City of Clinton is most familiar with these issues as they themselves raised sewer rates in December 2007 designed to accommodate an approximate 45% in revenue. In that situation there was no oversight by the PSC or opportunity for review and input as there is in this case.

We will continue to use sound judgment in our operations and hope that our request for a reasonable rate increase will be considered once the true consumer value of this utility is understood and appreciated.

Thank you for your attention.

Sincerely,

Martin Lashua,
Regional Director

cc: Kentucky Public Service Commission

a Utilities, Inc. company Water Service Corp. of Kentucky

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