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NEWS RELEASE

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PSC Sets Lexington Public Meeting in KAWC Rate Case *Comments on Kentucky-American Water Co. proposal taken on June 7*

FRANKFORT, Ky. (May 24, 2016) – The Kentucky Public Service Commission (PSC) will hold a public meetings next month in Lexington to receive public comments on a rate increase requested by Kentucky-American Water Co. (KAWC)

The public comment meeting on June 7 will be preceded by an information session during which PSC staff will explain the process used to determine utility rates. The presentation will include an overview of the KAWC application.

The information session will begin at 5:30 p.m. EDT. It will last an hour and will include a presentation by PSC staff and a question-and-answer period focusing on the PSC process. For those unable to attend, the presentation will be available on the PSC website, psc.ky.gov, beginning June 7.

The public comment portion of the meeting will begin at 6:30 p.m. EDT. The location is:

Conference Center
Bluegrass Community and Technical College
Leestown Road Campus
164 Opportunity Way

Kentucky-American Water is seeking PSC authorization to increase annual revenue by about \$13.45 million per year, or about 15.2 percent, bringing total annual revenue to about \$95 million. The company estimates that the monthly bill for a typical residential customer (using 4,130 gallons per month) would increase by \$6, or 17 percent, from the current \$34.38 per month to \$40.38 per month.

KAWC says that the current rate request is driven mostly by the need to recover the cost of ongoing system improvements and of major construction projects completed since the last rate adjustment in 2013, notably a new filtration system at its Richmond Road facility.

In addition to the base rate increase, KAWC is again asking the PSC for permission to begin adjusting rates annually to cover the cost of infrastructure repairs and replacement. The annual adjustments, which would be separate line items on customer bills, would be subject to PSC review and approval, but through a process less extensive than that in a rate case.

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In its application, Kentucky-American Water says the adjustment mechanism would lead to less frequent and smaller base rate adjustments. The PSC in 2013 rejected the annual adjustments, saying they would not accelerate the pace at which KAWC is replacing aging water lines

Kentucky-American Water serves more than 126,000 customers in 10 counties in central Kentucky. All but about 4,000 are in Lexington and surrounding communities.

The KAWC application and related documents are available on the PSC website, psc.ky.gov. The case numbers is 2015-00418.

A narrated slideshow explaining the PSC ratemaking process is available on YouTube at <https://www.youtube.com/watch?v=Ch9vTS5NzJ8>.

In addition to the public meeting, the PSC will conduct a formal evidentiary hearing in the case on July 13, beginning at 10 a.m. EDT. The hearing will be held at the PSC offices at 211 Sower Boulevard in Frankfort, and may last several days. It will be open to the public and may be viewed live on the PSC website.

Written comments will be accepted through the conclusion of the evidentiary hearing. They may be mailed to the PSC at P.O. Box 615, Frankfort, KY 40602, faxed to 502-564-9625, e-mailed from the PSC website or submitted in person at the public meetings or at the PSC offices.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 85 employees.

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