

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

Charles R. Borders
Commissioner

NEWS RELEASE

Contact:
Andrew Melnykovich
502-564-3940, ext. 208
502-330-5981 (cell)

Public Meeting Set in Kentucky-American Water Rate Case

PSC will take comments in Lexington

FRANKFORT, Ky. (July 19, 2010) – The Kentucky Public Service Commission (PSC) will hold a public meeting in Lexington next week to receive comments on the request for a rate increase by the Kentucky-American Water Co.

“This meeting will allow the PSC to hear directly from the public as it prepares to consider whether the proposed new rates are fair, just and reasonable,” PSC Chairman David Armstrong said.

The meeting is scheduled for:

Wednesday, July 28 at 6 p.m.

Norsworthy Auditorium

"It's About Kids" Support Services Center – Fayette County Public Schools

701 E. Main St.

Lexington Ky. 40502

Kentucky-American has proposed to increase its rates across all classes of customers in order to generate an additional \$25.8 million in revenue per year – an increase of about 37.7 percent. The company estimates that the average monthly bill for residential customers would rise to \$34.88, an increase of about 37 percent from the current average of about \$25.44.

The increase would be the result of an increase in the monthly service charge from \$8.60 to \$9.15, and an increase in the usage charge from \$3.77 per 1,000 gallons to \$5.76 per 1,000 gallons.

Kentucky-American says the major reason for the increase is to pay for the construction of a new water treatment plant on the Kentucky River in Owen County and a pipeline from the plant to Lexington.

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Kentucky-American's last rate increase took effect in June 2009. The company serves about 119,000 customers in 10 counties in central Kentucky.

The Kentucky-American application and related documents are available on the PSC website, psc.ky.gov. The case number is 2010-00036.

Persons wishing to address the proposed rate increase may speak at the meeting or may submit their comments in writing.

Written comments also may be mailed to the PSC at P.O. Box 615, Frankfort, Ky. 40602, faxed to 502-564-9625 or e-mailed via the PSC website.

The evidentiary hearing in the case will be held at the PSC offices at 211 Sower Boulevard in Frankfort on Tuesday, Aug. 10, beginning at 10 a.m. EDT. The hearing, which may last several days, will be open to the public, but there will be only limited opportunity for public comments. Written comments will be accepted through the conclusion of the hearing.

The evidentiary hearing may be viewed live on the PSC website.

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 100 employees.