



**STOLL  
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**MONICA H. BRAUN**  
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Monica.Braun@skofirm.com

March 30, 2012

Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40601

RE: *Tariff Filing of Kentucky-American Water Company to Establish a Late Payment Fee*

Dear Mr. Derouen:

Please find enclosed Kentucky-American Water Company's tariff application, pursuant to KRS 278.180 and 807 KAR 5:011, Section 10, to establish a late payment fee.

Please contact me should you have any questions or concerns.

Sincerely,

Stoll Keenon Ogden PLLC

Monica H. Braun

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

**In the Matter of:**

<b>TARIFF FILING OF KENTUCKY-AMERICAN</b>	)	
<b>WATER COMPANY TO ESTABLISH A</b>	)	<b>CASE NO. 2012-_____</b>
<b>LATE PAYMENT FEE</b>	)	

**APPLICATION OF KENTUCKY-AMERICAN WATER COMPANY**

Pursuant to KRS 278.180 and 807 KAR 5:011, Section 10, Kentucky-American Water Company (“Kentucky American Water”), by counsel, hereby petitions the Kentucky Public Service Commission (the “Commission”) to permit Kentucky American Water to establish a nonrecurring charge for the costs associated with customers that are late in paying their bills. In support of this Application, Kentucky American Water states as follows:

1. Kentucky American Water is a corporation organized and existing under the laws of the Commonwealth of Kentucky with its principal office and place of business at 2300 Richmond Road, Lexington, Kentucky 40502.

2. Kentucky American Water is a wholly-owned subsidiary of American Water Works Company, Inc. and is engaged in the distribution and sale of water in its Central Division, consisting of Bourbon, Clark, Fayette, Harrison, Jessamine, Scott and Woodford Counties and its Northern Division, consisting of Gallatin, Owen and Grant Counties. It currently owns, operates and maintains potable water production, treatment, storage, transmission and distribution systems for the purpose of furnishing potable water for residential, commercial, industrial and governmental users in its service territory.

3. A certified copy of the Articles of Incorporation of Kentucky American Water, together with all amendments thereto, are incorporated herein by reference as authorized by 807

KAR 5:001 Section 10(1)(b)(3) and Section 8(3), and were filed as Filing Exhibit No. 4 in Case No. 95-554, *Notice of the Adjustment of the Rates of Kentucky-American Water Company effective on and after February 29, 1996*.

4. Kentucky American Water proposes to implement a fee of five (5) percent for customers that pay their bills after the due date. Kentucky American Water provided notice to the Commission of its intent to file this Application by letter dated March 8, 2012. A copy of the letter is attached as Exhibit 1. Kentucky American Water states that it will implement the late payment fee on April 30, 2012, which is at least thirty days from the filing of this Application in accordance with KRS 278.180.

5. Pursuant to 807 KAR 5:011, Section 10(1)(b), Kentucky American Water states that it has complied with 807 KAR 5:011, Section 8(2)(c) by delivering to the newspapers of general circulation in its service territory area a copy of the legal notice for publishing once a week for three (3) consecutive weeks in a prominent manner, the first of said publications to be published prior to the filing of this Application. A copy of the legal notice is attached as Exhibit 2 to this Application.

6. Kentucky American Water confirms that it has mailed a copy of this Application to the Consumer Protection Division of the Attorney General's office as required by 807 KAR 5:011, Section 10(1)(b).

7. Late payment fees are specifically identified as a nonrecurring charge in 807 KAR 5:011, Section 10, which are charges to customers due to a specific request for certain types of service activity for which, when the activity is completed, no additional charges may be incurred.

8. Pursuant to 807 KAR 5:011, Section 10(1)(a), Kentucky American Water has attached as Exhibit 3 to this Application the cost justification for the proposed fee that sets forth

expenses that are related to the late payment fee. The cost justification includes a full description of the services and equipment rendered in connection with the late payment fee. While it is the Commission's stated practice to permit a late payment fee of up to ten (10) percent with no specific justification,<sup>1</sup> Kentucky American Water's exhibit demonstrates that a late payment fee of five (5) percent is needed at this time.

9. Pursuant to 807 KAR 5:011, Section 10(1)(c), Kentucky American Water did not include this proposed change in its most recent general rate case because it simply had no history of doing so. In the hearing of that case (Case No. 2010-00036, *In the Matter of: Application of Kentucky-American Water Company for an Adjustment of Rates on and after March 28, 2010*) the lack of a late payment fee was an issue raised on cross-examination of a Kentucky American Water witness. Since that time, Kentucky American Water has been considering the issue and now requests approval of a late payment fee.

10. Kentucky American Water requests implementation of a late payment fee now in order to appropriately allocate the costs associated with late payments to the cost causers, which will be a fair and reasonable component of Kentucky American Water's rate design. The immediacy of the need to establish a late payment fee is exacerbated by the fact that Kentucky American Water's customers are financially incentivized to first pay other utilities' bills before paying Kentucky American Water. For example, Kentucky Utilities Company, which provides electric service to a substantial majority of Kentucky American Water's customers, implemented a five (5) percent late fee in 2009. Similarly, Columbia Gas of Kentucky, Inc., which provides natural gas service to a portion of Kentucky American Water's customers, established a late

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<sup>1</sup> Case No. 2006-00029, *In the Matter of: The Application of Pinewood Subdivision, Inc. d/b/a Pinewood Subdivision Sewer for an Adjustment of Rates for Sewer Service and Establishment of Certain Non-Recurring Charges* (February 23, 2006 Order at Staff Report, p. 2). The rates recommended in the Staff Report were adopted by the Commission in its March 14, 2006 Order.

payment fee of five (5) percent for residential customers in October 2009. Because these utilities have recently implemented late payment fees, customers are financially incentivized to pay their other utility bills first, and Kentucky American Water's later, after the due date has passed. Moreover, establishing a late payment fee in this action will help delay the timing of the next requested rate increase. Therefore, Kentucky American Water seeks approval of a late payment fee now, rather than waiting until its next general rate case.

11. Pursuant to 807 KAR 5:011, Section 10(1)(d), Kentucky American Water states that the customers that will be impacted by this charge are those customers who do not pay their bill by the due date. The number of customers affected by a late payment fee will vary from time to time depending on the number of delinquent accounts.

12. Pursuant to 807 KAR 5:011, Section 10(1)(e), attached as Exhibit 4 is Kentucky American Water's income statement and balance sheet for a recent twelve (12) month period.

13. The additional revenue expected to be generated from the proposed late payment fee is estimated to exceed by five (5) percent the total revenues provided by all miscellaneous and nonrecurring charges for a recent twelve (12) month period. Pursuant to 807 KAR 5:011, Section 10(2), attached as Exhibit 5 is an absorption test showing that the additional net income generated by the tariff filing will not result in an increase in the rate of return to a level greater than that allowed in the most recent case. Kentucky American Water was allowed a return on equity of 9.7 percent in its most recent rate. *See Case No. 2010-00036, In the Matter of: Application of Kentucky-American Water Company for an Adjustment of Rates on and after March 28, 2010* (December 14, 2010 Order, p. 71).

14. Kentucky American Water confirms, in accordance with 807 KAR 5:011, Section 10(3), that it has not made more than two (2) such tariff filings under this procedure between general rate cases.

15. Pursuant to 807 KAR 5:001, Section 6(3), Kentucky American Water states that its proposed tariff is attached to this Application as Exhibit 6, and is incorporated by reference. The effective date of the proposed tariff is April 30, 2012. Because the proposed tariff is a new tariff, there is no notation comparing the proposed language to the existing tariff language. Additionally, Exhibit 6 includes a copy of a sample bill that shows how Kentucky American Water proposes to display the late fee on the bill.

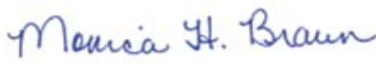
16. Pursuant to 807 KAR 5:001, Section 8(2), Kentucky American Water states that it will post a copy of this Application at its place of business on the date the Application is filed and it will remain posted until the Commission has issued its Order in this proceeding.

WHEREFORE, Kentucky American Water respectfully requests that the Commission, pursuant to the authority contained in KRS 278.180 and 807 KAR 5:011, Section 10, approve the proposed late payment fee as requested herein.

Date: March 30, 2012

Respectfully submitted,

STOLL KEENON OGDEN PLLC  
300 West Vine Street, Suite 2100  
Lexington, Kentucky 40507-1 801  
Telephone: (859) 231-3000

By:   
Lindsey W. Ingram III  
Monica H. Braun

Attorneys for Kentucky-American Water Company





**STOLL  
KEENON  
OGDEN**

3001 EST VINE STREET  
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Exhibit 1

**RECEIVED**

MAR 05 2012

**PUBLIC SERVICE  
COMMISSION**

LINDSEY W. INGRAM III  
DIRECT DIAL: (859) 231-3982  
DIRECT FAX: (859) 246-3672  
[L.Ingram@skofirm.com](mailto:L.Ingram@skofirm.com)

March 8, 2012

***HAND DELIVERED***

Jeff Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601

*Re: Kentucky American Water's Application for Approval of Late Payment Fee*

Dear Mr. Derouen:

In conformity with 807 KAR 5:011 Section 10(1)(b) and 807 KAR 5:011 Section 8(1), this letter is to provide notice to the Kentucky Public Service Commission of Kentucky American Water's ("KAW") intention to file an application for approval of a late payment fee no earlier than four weeks from the date of this letter.

In connection with this notice, we have a procedural request related to filing requirements. 807 KAR 5:001 Section 8(2) requires the filing of an original and ten paper copies of all applications. KAW requests that it be allowed to file its application and all subsequent filings in this matter in electronic medium only. We therefore request a deviation from the regulation and ask the Commission to accept this case in electronic form only for both filing and service purposes.

Please acknowledge receipt of this notice and assign an electronic case number. Thank you for your assistance.

Very truly yours,

Stoll Keenon Ogden PLLC

Lindsey Ingram III



Jeff Derouen  
March 8, 2&12  
Page 2

cc: Gerald E. Wuetcher  
David E. Spenard

010311.003026/4027140.1

## NOTICE

Kentucky-American Water Company provides notice of its requested implementation of a late payment fee. The requested late payment fee is 5% calculated upon all amounts owed with the exception of any amounts Kentucky-American Water Company collects pursuant to a third-party billing services contract. The rates contained in this notice are the rates proposed by Kentucky-American Water Company. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice. Any corporation, association, body politic or person may by motion within thirty (30) days after publication request leave to intervene by submitting the motion to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602 which shall set forth the grounds for the request including the status and interest of the party. Intervenors may obtain copies of the request by contacting Linda Bridwell at Kentucky-American Water Company, 2300 Richmond Road, Lexington, Kentucky, 40502. A copy of the request is also available for public inspection at 2300 Richmond Road, Lexington, Kentucky, 40502.

**Kentucky American Water  
Cost Justification for Proposed Late Fee**

**Exhibit 3**

<b>Line #</b>	<b>Cost Type</b>	<b>2011 Totals</b>
1	<b>O &amp; M Type Costs</b>	
2	Customer Service Center - Collections Department Expenses	\$ 77,047
3		
4	Kentucky American Customer Advocates (2.5 full time employees, both wages & benefits)	\$ 143,115
5		
6	Kentucky American Collection Agency Fees	\$ 129,420
7		
8	Postage Costs for Collection Notices	\$ 82,281
9		
10	Uncollectible Revenue	\$ 614,166
11		
12	<b>O and M sum (Line 2 + Line 4 + Line 6 + Line 8 + Line 10)</b>	<b>\$ 1,046,029</b>
13		
14		
15		
16	<b>Rate Base Type Costs (From Case 2010-0036)</b>	
17	Working Capital	\$ 1,729,000
18	Weighted Debt	3.49%
19	<b>Cost of Debt (Line 17 x Line 18)</b>	<b>\$ 60,342</b>
20		
21	Weighted Equity	4.25%
22	Cost of Equity (Line 17 x Line 21)	\$ 73,483
23	Tax Rate	38%
24	<b>Equity Grossed up for 38% Tax (Line 22 / (1 - Line 23))</b>	<b>\$ 118,520</b>
25		
26	<b>Cost of Working Capital (Line 19 + Line 24)</b>	<b>\$ 178,862</b>
27		
28		
29	<b>Total Costs Related to Late Payments (Line 12 + Line 26)</b>	<b>\$ 1,224,892</b>

Kentucky American Water - Water Districts Only  
 January 1, 2011 - December 31, 2011

Equity Return & Equity Return Adjusted for Jacobson Park One-Time Non-Utility Tax Benefit

Line	Line Description	Amount
1	<b>Per Books:</b>	
2	Water Utility Net Income	\$ 18,100,982
3	Water Utility Average Common Equity	153,018,637
4	Unadjusted Water Utility Return (Line 2 / Line 3)	11.83%
5		
6	<b>Water Utility Net Income Adjusted for One-Time Non-Utility Income Tax Benefit</b>	
7	Water Utility Net Income to Common Stock (Line 2)	\$ 18,100,982
8	Net Income Change Due to Jacobson Park State Income Tax Benefit	689,793
9	Net Income Change Due to Jacobson Park Federal Income Tax Benefit	3,782,363
10	<b>Adjusted Water Utility Net Income (Line 7 - Line 8 - Line 9)</b>	<b>\$ 13,628,826.00</b>
11		
12	<b>Water Utility Average Common Equity Adjusted for One-Time Non-Utility Income Tax Benefit</b>	
13	Water Utility Average Common Equity (Line 3)	\$ 153,018,637
14	Jacobson Park Income Tax Benefit	4,472,156
15	Portion of Jacobson Park Income Tax Benefit That Would Become Retained Earnings & Thus Average Common Equity	25%
16	Average Common Equity Related to Jacobson Park Income Tax Benefit (Line 14 x Line 15)	1,118,039
17	<b>Adjusted Water Utility Average Common Equity (Line 13 - Line 17)</b>	<b>\$ 151,900,598</b>
18		
22	<b>Adjusted Return (Line 10 / Line 17)</b>	<b>8.97%</b>

PCDWLD  
 83500 American Water Works Company 1  
 GL012USR Kentucky American Water-Co 12 3/2/2012  
 MSISNOSWR Total Company (USGAAP) 11:55:11  
 Income Statement 12 Month Ended  
 For the Period Ending 12/31/2011  
 Water Districts Only

Kentucky-American Water Co.

Description	12 Month Actual		
<b>1 OPERATING REVENUES</b>			
2 Water	\$ 79,791,416.00	12	
3 Sewer	\$ 3,746.00	12	
4 Other	\$ 3,221,420.00	12	
5 Management	\$ -	12	
6 Total Revenues	\$ 83,016,582.00	12	
<b>7 OPERATIONS &amp; MAINTENANCE EXPENSE</b>			
8 Labor	\$ 7,594,614.00	12	
9 Purchased Water	\$ 224,867.00	12	
10 Fuel & Power	\$ 3,662,927.00	12	
11 Chemicals	\$ 1,885,466.00	12	
12 Waste Disposal	\$ 301,751.00	12	
13 Management Fees	\$ 7,751,264.00	12	
14 Group Insurance	\$ 2,093,013.00	12	
15 Pensions	\$ 923,432.00	12	
16 Regulatory Expense	\$ 214,599.00	12	
17 Insurance Other Than Group	\$ 580,395.00	12	
18 Customer Accounting	\$ 1,856,699.00	12	
19 Rents	\$ 32,033.00	12	
20 General Office Expense	\$ 769,379.00	12	
21 Miscellaneous	\$ 3,266,534.00	12	
25 Other Maintenance	\$ 1,579,079.00	12	
Total Maintenance & Operations Expense	\$ 32,736,052.00	12	
27 Depreciation	\$ 8,855,144.00	12	
28 Amortization	\$ 2,182,924.00	12	
29 General Taxes	\$ 5,096,705.00	12	
30 State Income Taxes	\$ 1,455,865.00	12	
31 Federal Income Taxes	\$ 8,134,582.00	12	
32 Tax Savings Acquisition Adjustment	\$ -	12	
33 Total Operating Expenses	\$ 58,461,272.00	12	
34 Utility Operating Income	\$ 24,555,310.00	12	
<b>35 OTHER INCOME &amp; DEDUCTIONS</b>			
36 Non-Operating Rental Income	\$ -	12	
37 Dividend Income-Common	\$ -	12	
38 Dividend Income-Preferred	\$ -	12	
39 Interest Income	\$ -	12	
40 AFUDC Equity	\$ 280,616.00	12	
42 M & J Miscellaneous Income	\$ 19,117,930.00	12	
43 Gain(Loss)on Disposition	\$ -	12	
45 Total Other Income	\$ 19,398,546.00	12	
46 Miscellaneous Amortization	\$ (425.00)	12	
47 Tax Savings Acquisition Adjustment	\$ -	12	
48 Misc. Other Deductions	\$ 19,513,787.00	12	
49 General Taxes	\$ -	12	
50 State Income Taxes	\$ (713,519.00)	12	
51 Federal Income Taxes	\$ (3,912,460.00)	12	
52 Total Other Deductions	\$ 14,887,383.00	12	
53 Total Other Income	\$ 4,511,163.00	12	
54 Income Before Interest Charges	\$ 29,066,473.00	12	
<b>55 INTEREST CHARGES</b>			
56 Interest on Long-Term Debt	\$ 10,863,634.00	12	
57 Amortization and Debt Expense	\$ 86,149.00	12	
58 Interest-Short Term Bank Debt	\$ 72,584.00	12	
59 Other Interest Expense	\$ (3,038.00)	12	
60 AFUDC-Debt	\$ (131,464.00)	12	
61 Total Interest Charges	\$ 10,887,865.00	12	
62 Net Income	\$ 18,178,608.00	12	
64 Preferred Dividend Declared	\$ 77,626.00	12	
65 Net Income to Common Stock	\$ 18,100,982.00	12	

Kentucky-American Water Co.

Description	Current Year	Prior Year	
<b>ASSETS</b>			
1 Utility Plant	\$ 576,875,708.00	\$ 559,721,388.00	12
2 Construction work in progress	\$ 10,199,190.00	\$ 7,229,582.00	12
3 Accumulated depreciation	\$ (103,288,677.00)	\$ (96,563,347.00)	12
4 Utility plant acquisition adjustment	\$ 250,730.00	\$ 263,109.00	12
5 Other utility plant adjustments	\$ -	\$ -	12
6 Sub-total Utility Plant	\$ 484,036,951.00	\$ 470,650,732.00	12
7 Non-Utility property	\$ 249,738.00	\$ 270,193.00	12
8 Other investments	\$ -	\$ -	12
<b>Current Assets</b>			
10 Cash and cash equivalents	\$ 282,053.00	\$ 268,962.00	12
11 Temporary investments	\$ -	\$ -	12
12 Customer accounts receivable	\$ 2,826,297.00	\$ 3,011,145.00	12
13 Allowance for uncollectible accounts	\$ (542,769.00)	\$ (406,809.00)	12
14 Unbilled revenues	\$ 3,893,019.00	\$ 4,412,023.00	12
15 FIT refund due from assoc. companies	\$ -	\$ -	12
16 Miscellaneous receivables	\$ 337,252.00	\$ 732,006.00	12
17 Materials and supplies	\$ 685,285.00	\$ 737,645.00	12
19 Other	\$ 189,120.00	\$ 187,421.00	12
20 Sub-total	\$ 7,670,257.00	\$ 8,942,393.00	12
<b>Deferred debits</b>			
23 Debt and preferred stock	\$ 1,803,685.00	\$ 1,889,834.00	12
24 Expense of rate proceeding	\$ 359,517.00	\$ 533,742.00	12
25 Prelim survey & invest charges	\$ 35,093.00	\$ 35,093.00	12
26 Reg Asset-income tax recovery	\$ 7,059,473.00	\$ 7,570,031.00	12
27 Other	\$ 5,126,156.00	\$ 4,624,466.00	12
29 Sub-total	\$ 14,383,924.00	\$ 14,653,166.00	12
30 Total Assets	\$ 506,340,870.00	\$ 494,516,484.00	12
<b>CAPITAL AND LIABILITIES</b>			
33 Common Stock	\$ 36,568,777.00	\$ 36,568,777.00	12
34 Paid in capital	\$ 74,767,650.00	\$ 74,688,528.00	12
35 Retained Earnings	\$ 43,985,188.00	\$ 39,458,354.00	12
36 Unearned Compensation	\$ -	\$ -	12
37 Reacquired C/S & Accum Comp Inc	\$ -	\$ -	12
38 Total common equity	\$ 155,321,615.00	\$ 150,715,659.00	12
39 Preferred stock	\$ 1,445,600.00	\$ 1,445,600.00	12
40 Long term debt	\$ 192,390,000.00	\$ 172,390,000.00	12
41 Total capitalization	\$ 349,157,215.00	\$ 324,551,259.00	12
<b>Current liabilities</b>			
43 Bank debt	\$ 11,035,902.00	\$ 13,731,627.00	12
44 Current portion of LTD	\$ -	\$ 3,100,000.00	12
45 Accounts Payable	\$ 6,707,764.00	\$ 6,032,281.00	12
46 Taxes accrued	\$ (4,101,074.00)	\$ (10,532,455.00)	12
47 Interest accrued	\$ 1,925,961.00	\$ 1,867,573.00	12
48 Customer deposits	\$ -	\$ -	12
49 Dividends declared	\$ -	\$ -	12
51 Other	\$ 4,185,981.00	\$ 7,170,590.00	12
52 Sub-total	\$ 19,754,534.00	\$ 21,369,616.00	12
<b>Deferred credits</b>			
55 Customer adv. for construction	\$ 12,675,126.00	\$ 12,774,225.00	12
56 Deferred income taxes	\$ 58,881,409.00	\$ 69,347,781.00	12
57 Deferred investment tax credits	\$ 878,623.00	\$ 963,420.00	12
58 Reg.liab-inc.tax.refund thru rates	\$ 16,093,156.00	\$ 15,273,914.00	12
59 Other	\$ 1,233,244.00	\$ 3,653,573.00	12
60 Sub-total	\$ 89,761,558.00	\$ 102,012,913.00	12
62 Contributions in aid of construction	\$ 48,915,241.00	\$ 47,780,189.00	12
Total capital and liabilities	\$ 507,588,548.00	\$ 495,713,977.00	12

Estimation of Additional Income From Late Fees

Line #	2011 Revenues and Projected Late Fees Based on These Revenues	Res	Com	Ind	OPA	OWU	Priv Fire	Public Fire	Grand Total
1	Water Revenues	\$ 42,860,957.85	\$ 20,961,916.61	\$ 1,968,382.51	\$ 6,402,399.07	\$ 1,903,427.26	\$ 2,325,377.54	\$ 3,341,008.33	\$ 79,763,469.17
2	Water Revenues Outstanding Upon Mailing of Disconnect Notices	\$ 8,049,285.06	\$ 3,418,440.69	\$ 91,404.78	\$ 496,908.15	\$ 256,922.54	\$ 353,120.94	\$ 723,263.88	\$ 13,389,346.04
3	Estimated Late Fees if Revenues Outstanding Charged at 5%	\$ 402,464.25	\$ 170,922.03	\$ 4,570.24	\$ 24,845.41	\$ 12,846.13	\$ 17,656.05	\$ 36,163.19	\$ 669,467.30

Calculation to Determine if Absorption Test is Required

	Total Various Miscellaneous Charges 2011	Total
4	Insufficient Check Charges	\$ 32,604.00
5	Initiate Service Fees	\$ 615,062.00
6	Reconnection Charges	\$ 587,576.00
7	<b>Sum</b>	<b>\$ 1,235,242.00</b>

	Assess if Estimated Late Fees Would Exceed 5% of Other Miscellaneous Charges	
8	Estimated Late Fees, Based on 2011 Revenues & Collection Notices (Grand Total Column, Line 3)	\$ 669,467.30
9	Current 12 mos. Of Miscellaneous Charges (Line 7)	\$ 1,235,242.00
10	% Increase to Miscellaneous Charges This Would Represent (Line 8 / Line 9)	54.2%
11	% Which Requires Absorption Test	5.0%

Absorption Test - Return on Equity not to Exceed Authorized due to Addition of Late Fee

	Absorption Test	
12	Additional Income from Late Fee (Line 8)	\$ 669,467.30
13	Tax Rate	38%
14	Additional Taxes (Line 12 x Line 13)	\$ 254,397.57
15	<b>Additional Net Income from Late Fee (Line 12 - Line 14)</b>	<b>\$ 415,069.73</b>
16		
17	2012 Budgeted Average Common Equity	\$ 157,242,500.00
18	Add Additional Equity from Additional Net Income (Line 15 x 0.25)	\$ 103,767.43
19	<b>2012 Budgeted Avg Common Equity With Late Fee (Presume Whole Year of Late Fee Revenue)</b>	<b>\$ 157,346,267.43</b>
20		
21	2012 Budgeted Net Income to Common Stock	\$ 12,855,000.00
22	Add Late Fee Net Income (Line 15)	\$ 415,069.73
23	<b>2012 Budgeted Net Income With Late Fee (Presume Whole Year)</b>	<b>\$ 13,270,069.73</b>
24		
25	Budgeted Return on Average Common Equity (Line 21 / Line 17)	8.18%
26	Increase in Equity from Late Fee (Line 27 - Line 25)	0.26%
27	<b>Budgeted 2012 Return if Full Year of Late Fee in 2012 (Line 23 / Line 19)</b>	<b>8.43%</b>
28		
29	<b>Authorized</b>	<b>9.70%</b>

P.S.C. KY. No. 6

COVER SHEET AND ORIGINAL SHEETS:

Nos. 1, 2, 5 through 19, 20.1, 21, 24.1, 26, 29 through 49,  
49.4, 49.5, 49.6, 49.7; 51, 58, 58.6, 59, 61, 62, 63, 64, and  
Appendix A;

First Revised Sheet Nos. 4, 24, 25, 28, 49.1, 49.2, 49.3, 50.3, 53.1,  
54, 57, 58.1, 58.2, 58.3, 58.4, 58.5, 60, 65;

Second Revised Sheet Nos. 22, 23, 27, 50.1, 50.2, 56;

Third Revised Sheet No. 3.1, 55;

Fourth Revised Sheet Nos. 52.1;

Fifth Revised Sheet No. 20;

Sixth Revised Sheet Nos. 28.1, 28.2;

Eleventh Revised Sheet No. 3, 55.1;

Twenty-Fourth Revised Sheet No. 53;

Twenty-Sixth Revised Sheet No. 52;

Thirtieth Revised Sheet No. 50

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**KENTUCKY-AMERICAN WATER COMPANY**

**2300 RICHMOND ROAD, LEXINGTON, KENTUCKY**

**FOR SERVICE IN KENTUCKY COUNTIES OF**

**BOURBON, CLARK, FAYETTE, GALLATIN, GRANT, HARRISON,**

**JESSAMINE, OWEN, SCOTT AND WOODFORD**


**FILED WITH THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

---

**ISSUED:** March 30, 2012

**EFFECTIVE:** April 30, 2012

**ISSUED BY:**

  
Cheryl D. Norton  
President

2300 Richmond Road, Lexington, KY 40502  
**Address**



**LATE PAYMENT FEE**

**APPLICABLE**

- (N) Applicable to the entire Service Territory of Kentucky-American Water Company.

**AVAILABILITY OF SERVICE**

- (N) Available for all customers.

**RATES**

- (N) Kentucky American Water Company shall charge a 5% late fee on all charges that are paid after the due date on the bill. The late payment fee is 5% calculated upon all amounts owed with the exception of any amounts Kentucky-American Water Company collects pursuant to a third-party billing services contract, or on previously assessed late payment fees or other penalty charges.


(N) New

---

ISSUED: March 30, 2012

EFFECTIVE: April 30, 2012

ISSUED BY:

  
Cheryl D. Norton  
President

2300 Richmond Road, Lexington, KY 40502  
Address

00012053557770000000000018054013

1 Kentucky American Water  
PO Box 371880  
Pittsburgh, PA 15250-7880

2 Account Number 12-0535577-7

3 Amount Due \$180.54

4 Due Date Jan 31, 2011

5(N) Amount Due if Paid After Jan 31, 2011 182.09

6 For Service To: 1 First St

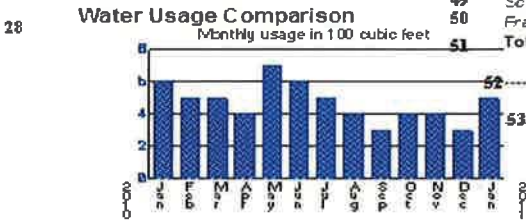
7 John B Doe  
1 First St  
Lexington KY 40504

8 Please return this portion with check  
Payable to the address below

9 Kentucky American Water  
PO Box 371880  
Pittsburgh, PA 15250-7880

10  Please check here to change address or telephone number and print information on reverse side.

11 <b>Customer Account Information</b>	29 <b>Billing Summary</b>
12 For Service To: John B Doe	-----Prior Balance-----
13 1 First St	Balance from last bill \$123.57
14 Account Number: 12-0535577-7	31 Payments as of Jan 19, 2011: Thanks!
15 Premise Number: 12-0000082	32 Total prior balance, Jan 19, 2011 123.57
16 <b>Billing Period &amp; Meter Information</b>	33 -----Adjustments-----
17 Billing Date: Jan 19, 2011	34 Rate Adj: 09-29-10 to 12-13-10 -4.18
18 Billing Period: Dec 17 to Jan 17 (31 days)	35 Total adjustments, Jan 19, 2011 -4.18
19 Next reading on/about: Jan 20, 2011	36 -----Current Water Charges-----
20 Rate Type: Residential	37 Meter Service Charge 8.90
21 Meter readings in current billing period:	38 Water Usage (\$3.975300 x 5.00) 19.88
22 Meter Number: 088192290N is a 5/8-inch meter	39 Total water charges, Jan 19, 2011 28.78
23 Present-actual 146	40 -----Current Wastewater Charges--
24 Last-actual 141	41 LFUGG - Sewer Minimum Fee 4.75
25 100 Cubic Feet used 5	42 Sewer Usage (\$ .00000 x 1.00) .00
26 1 cu. ft. equals 7.50 gallons	43 Total Use Billed 5.00 19.07
27 Gallons used 3750	44 -----Other Current Charges-----
	45 LFUGG - Wtr Qual Mgmt Fee 4.32
	46 LFUGG - Land Fill Fee 4.50
	47 Gtown Hyd Fee 2.28
	48 Total other charges, Jan 19, 2011 11.10
	49 -----Taxes-----
	50 KRA Withdrawal Fee - 100CF .32
	51 School Tax .94
	Franchise Fee - LFUGG .94
	Total taxes, Jan 19, 2011 2.20
	52 -----Total Current Charges----- 56.97
	53 -----TOTAL AMOUNT DUE----- \$180.54



54(I) **Messages from Kentucky American Water**

\* THE DUE DATE PERTAINS TO CURRENT CHARGES ONLY. ANY PAST DUE BALANCE SHOULD BE PAID IMMEDIATELY.

Local Office: 2000 Richmond Road (Lexington) and 102 Main Street (Owenton).

\*\* To pay by credit card, debit card or electronic check call TOLL FREE 1-800-678-6301. Pay online at [www.water.com/vbill.com](http://www.water.com/vbill.com). A service fee will apply. Customers can also pay their water bills at our local office at 2300 Richmond Road in Lexington, participating Shell Food Marts, and at Xsell in Winchester.

Call 1-800-678-6301 for location information, or visit our Web site at [www.kentuckyamwater.com](http://www.kentuckyamwater.com).

Add 01 to your monthly water bill and help low-income customers with their water bill payments.

An annual water quality report (Consumer Confidence Report) was provided to you earlier this year. Copies can be obtained by contacting our Customer Service Center or by also visiting our website. Landlords / businesses / schools and other groups are asked to share this water quality information with water users at their location who may not receive a bill and therefore did not receive a copy of this report directly.

Late Payment charges will be applied to current charges if the current amount due is not received by the payment due date.

55 Customer Service: 800-678-6301  
Emergency: 800-678-6301  
Visit us online at: [www.kentuckyamwater.com](http://www.kentuckyamwater.com)

(N) NEW  
(T) New Text

ISSUED: March 30, 2012 EFFECTIVE: April 30, 2012

ISSUED BY: Cheryl D. Norton  
Cheryl D. Norton  
President

2300 Richmond Road, Lexington, KY 40502  
Address

(Continued)

Here is an explanation of the typical customer's bill.

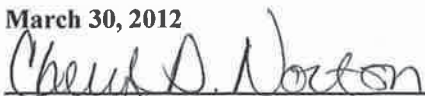
- |  |     |  |
|--|-----|--|
| 1. (T) Assumed Name for Kentucky American Water Company and payment mailing address        | 29. | <b>Billing Summary</b>   |
| 2. Customer Account Number – use this when making inquiries                                | 30. | Balance from last bill   |
| 3. Total Amount Due or DO NOT PAY (if credit balance or paid through automatic withdrawal) | 31. | Payments as of bill date   |
| 4. Date Payment is Due   | 32. | <b>Prior balance as of bill date</b>                                   |
| 5. (T) Amount Due if payment is late (with applicable late fee included)                   | 33. | <b>Adjustments</b>   |
| 6. Address where service is received   | 34. | Any adjustment to the bill   |
| 7. Customer Name and Billing Address   | 35. | <b>Total adjustments</b>   |
| 8. Information if paying by check or money order   | 36. | <b>Current Water Charges</b>   |
| 9. Address to mail payment   | 37. | Meter Service Charge   |
| 10. Area to request a change of address or telephone number                                | 38. | Water Usage  |
| 11. <b>Customer Account Information</b>  | 39. | <b>Total Water Charges</b>   |
| 12. Customer Name  | 40. | <b>Current Wastewater Charges</b>                                      |
| 13. Service Address  | 41. | Sewer Usage (LFUCG or other sewer authority)                           |
| 14. Account Number   | 42. | <b>Total Use Billed</b>  |
| 15. Premise Number   | 43. | <b>Other Current Charges</b>   |
| 16. <b>Billing Period &amp; Meter Information</b>  | 44. | LFUCG – Water Quality Management Fee (if applicable)                   |
| 17. Billing Date   | 45. | LFUCG – Land Fill Fee (or other municipal authority if applicable)     |
| 18. Billing Period and number of days of service   | 46. | Georgetown (or other municipal authority) Hydrant Fee (if applicable)  |
| 19. Approximate next reading date  | 47. | <b>Total Other Charges, current date</b>                               |
| 20. Rate Type (or classification of service)   | 48. | <b>Taxes</b>   |
| 21. <b>Meter readings in current billing period:</b>                                       | 49. | KRA (Kentucky River Authority) Withdrawal Fee – 100 CF                 |
| 22. Meter number and meter size  | 50. | County Tax (applicable to each county served)                          |
| 23. Present meter reading (actual or calculated)   | 51. | Franchise Fee (if applicable)  |
| 24. Prior (last) meter reading (actual or calculated)                                      | 52. | <b>Total taxes</b>   |
| 25. Usage in cubic feet  | 53. | <b>Total Amount Due</b>  |
| 26. Explanation (one cubic foot equals approximately 7.5 gallons)                          | 54. | <b>Messages from Kentucky American Water</b>                           |
| 27. Usage in gallons   | 55. | <b>Customer Service, Emergency Phone Numbers, and Internet Address</b> |
| 28. Graph of monthly usage history   |     |  |

(T) Indicates change in text or new text added

ISSUED: March 30, 2012

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ISSUED BY:

  
 Cheryl D. Norton  
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2300 Richmond Road, Lexington, KY 40502  
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P.S.C. KY. No. 6

COVER SHEET AND ORIGINAL SHEETS:

Nos. 1, 2, 5 through 19, 20.1, 21, 24.1, 26, 29 through 49,  
49.4, 49.5, 49.6, 49.7; 51, 58, 58.6, 59, 61, 62, 63, 64, and  
Appendix A;

First Revised Sheet Nos. 4, 24, 25, 28, 49.1, 49.2, 49.3, 50.3, 53.1,  
54, 57, 58.1, 58.2, 58.3, 58.4, 58.5, 60, 65;

Second Revised Sheet Nos. 22, 23, 27, 50.1, 50.2, 56;

Third Revised Sheet No. 3.1, 55;

Fourth Revised Sheet Nos. 52.1;

Fifth Revised Sheet No. 20;

Sixth Revised Sheet Nos. 28.1, 28.2;

Eleventh Revised Sheet No. 3, 55.1;

Twenty-Fourth Revised Sheet No. 53;

Twenty-Sixth Revised Sheet No. 52;

Thirtieth Revised Sheet No. 50

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**KENTUCKY-AMERICAN WATER COMPANY**

**2300 RICHMOND ROAD, LEXINGTON, KENTUCKY**

**FOR SERVICE IN KENTUCKY COUNTIES OF**

**BOURBON, CLARK, FAYETTE, GALLATIN, GRANT, HARRISON,**

**JESSAMINE, OWEN, SCOTT AND WOODFORD**


**FILED WITH THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

---

**ISSUED:** March 30, 2012

**EFFECTIVE:** April 30, 2012

**ISSUED BY:**

  
Cheryl D. Norton  
President

2300 Richmond Road, Lexington, KY 40502  
**Address**

---

**LATE PAYMENT FEE**

**APPLICABLE**

- (N) Applicable to the entire Service Territory of Kentucky-American Water Company.

**AVAILABILITY OF SERVICE**

- (N) Available for all customers.

**RATES**

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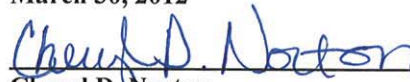
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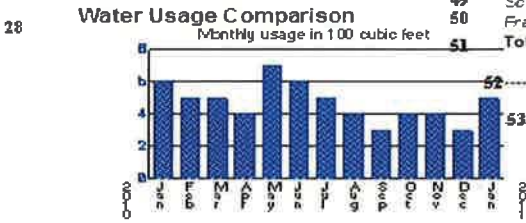
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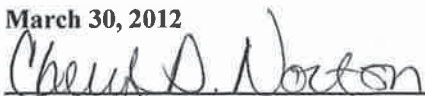
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