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MAY 15 2012

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF KENTUCKY-AMERICAN)
WATER COMPANY TO ESTABLISH A) CASE NO. 2012-00155
LATE PAYMENT FEE)

**NOTICE OF AGREED RESOLUTION, REQUEST FOR RELIEF FROM
PROCEDURAL SCHEDULE AND REQUEST FOR TERMINATION OF CASE**

Kentucky-American Water Company (“KAW”) provides notice to the Kentucky Public Service Commission (“Commission”) of a unanimous agreed resolution that has been reached among all parties in this case. Based on that agreed resolution, KAW also requests: (1) relief from the May 25, 2012 deadline by which it is obligated to respond to discovery; and (2) termination of this case.

1. On March 30, 2012, Kentucky American filed its Application to implement a late payment fee, a non-recurring charge pursuant to 807 KAR 5:011, Section 10. KAW’s Application met or exceeded all the financial and economic filing requirements (cost justification, revenue impact, etc.) set forth in the Commission’s governing regulation. Based on KAW’s research, over 90% of water utilities regulated by the Commission charge late fees and applications to implement a late fee are routinely granted without opening an investigation case.

2. On April 24, 2012, Community Action Council (“CAC”) requested the Commission to suspend and investigate KAW’s Application. CAC further explained that its purpose was to seek an exemption from the proposed late fee for those customers who receive assistance in paying their water bills based on their low-income status.

3. By Order of April 27, 2012, the Commission established this investigation case, suspended the proposed tariff up to and including September 29, 2012, and granted CAC intervenor status. The Commission's Order also established a procedural schedule for the matter which included a deadline of May 11, 2012 for the issuance of initial discovery requests to KAW and a deadline of May 25, 2012 for KAW to respond.

4. On May 2, 2012, the Lexington-Fayette Urban County Government ("LFUCG") moved to intervene in the matter and on May 4, 2012, the Attorney General of Kentucky ("AG") also moved for intervention. The Commission granted those motions on May 9, 2012.

5. Over the last two weeks, all parties have worked on the issue of creating an exemption for KAW's low-income customers who receive assistance with paying their water bills. The parties have reached unanimous agreement for such an exemption, and, therefore, tender the attached proposed KAW tariff sheet No. 58.6. The attached tariff sheet adds one additional sentence to the proposed tariff sheet currently pending before the Commission. The additional sentence states, "*Customers who receive a pledge for or notice of low income water assistance from an authorized agency will not be assessed or required to pay a late payment charge for the bill for which the pledge or notice is received.*" This additional sentence creates the exemption CAC seeks. It is also an exemption that is identical in substance to the exemption provided by several other utilities, which exemptions have been approved by the Commission.

6. KAW represents to the Commission that CAC, AG and LFUCG have all indicated that the proposed exemption language is acceptable and resolves all of their concerns in this matter. Furthermore, KAW represents to the Commission that CAC, AG and LFUCG have all indicated that, because the proposed exemption language resolves their concerns in this matter, further investigation and/or suspension is unnecessary.

7. Based on the agreed resolution of the intervenors' concerns and the fact that the intervenors have no further need for investigation and suspension, KAW respectfully asks the Commission to end its investigation and approve the attached tariff sheet with its effective date of May 25, 2012.

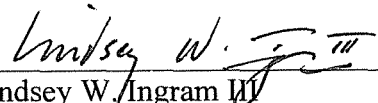
8. Finally, on May 11, 2012, Commission Staff issued its First Request for Information to KAW. Under the current procedural schedule, responses are due no later than May 25, 2012. Given the fact that KAW and all intervenors have reached an agreed resolution of this matter that is now being submitted to the Commission for approval, KAW respectfully asks the Commission to hold in abeyance KAW's obligation to respond to the discovery while the Commission considers whether to: (1) accept the agreed resolution; (2) allow the proposed tariff (attached) to become effective; and (3) and close this case. Certainly, if the Commission is satisfied with the unanimous agreed resolution that has been reached, resources can be conserved by relieving KAW of the obligation to respond to the discovery.

9. **WHEREFORE**, Kentucky-American Water Company respectfully requests the Commission to consider and approve the above-described unanimous resolution, allow the proposed tariff to become effective on its stated effective date of May 25, 2012 and close this matter.

Date: May 15, 2012

Respectfully submitted,

STOLL KEENON OGDEN PLLC
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Lexington, Kentucky 40507-1801
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By: 

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Monica H. Braun

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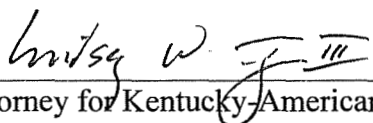
CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing has been served by U.S. Mail delivery, postage prepaid, to the following parties on this 15th day of May 2012:

Jennifer Black Hans, Esq.
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By: 
Attorney for Kentucky American Water Company

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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. The late payment charge will only be assessed once on any bill for rendered services. Customers who receive a pledge for or notice of low income water assistance from an authorized agency will not be assessed or required to pay a late payment charge for the bill for which the pledge or notice is received.

(N) New

ISSUED: May 15, 2012

EFFECTIVE: May 25, 2012

ISSUED BY:


Cheryl D. Norton
President

2300 Richmond Road, Lexington, KY 40502
Address