

QUALIFIED INFRASTRUCTURE PROGRAM RIDER (“QIP RIDER”)

APPLICABLE SERVICE AREA

Applicable to the entire Service Territory of Kentucky American Water Company unless otherwise noted.

APPLICABILITY OF RIDER

Applicable to Residential, Commercial, Industrial, Other Public Authority, Sales for Resale, Public and Private Fire Service and Hydrant customers.



CALCULATION OF QUALIFIED INFRASTRUCTURE PROGRAM RIDER REVENUE REQUIREMENT

The QIP rate base in any forecasted period will be calculated in a manner consistent with 807 KAR 5:001, Section 16(6)(c). The QIP Rider Revenue Requirement includes the following:

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- a. QIP-eligible Plant In-Service not included in base water rates minus the associated QIP-related accumulated depreciation and accumulated deferred income taxes, grossed up by applying the gross revenue conversion factor authorized in the Company’s latest base water rate case;
- b. Retirement and removal of plant related to QIP-eligible construction;
- c. Return on the net QIP-eligible plant in-service at the overall rate of return on capital authorized in the Company’s latest base water rate case, grossed up for federal and state income taxes;
- d. Depreciation expense on the QIP-eligible Plant In-Service less retirement and removals;
- e. Property taxes related to the QIP.

QIP ELIGIBLE UTILITY PLANT:

Distribution Infrastructure – distribution and transmission system structures and improvements, mains and valves installed as replacements for existing facilities; hydrants, distribution tanks; services, meters and meter installations, power generation and pumping equipment installed as replacements for existing facilities; unreimbursed funds related to capital projects to relocate facilities required by governmental infrastructure projects.

Water Treatment Infrastructure – source of supply and water treatment structures, pipe and equipment including sampling equipment, SCADA equipment, power generation and pumping equipment installed as replacements for existing facilities.

ISSUED: May 22, 2024
EFFECTIVE: May 3, 2024

Approved:

ISSUED BY: /s/ Kathryn Nash
Kathryn Nash
President
2300 Richmond Road, Lexington, KY 40502

Issued by authority of an Order of the Public Service Commission in Case No. 2023-00191 dated May 3, 2024



RATES

All customers subject to this QIP Rider receiving water service shall be assessed a monthly QIP Rider charge in addition to the service charge, consumption charge or monthly fee component of their applicable rate schedule that will enable the Company to complete the Qualified Infrastructure Program.

The QIP Rider will be updated annually in a filing that includes the (1) projected costs for each QIP period and (2) a balancing adjustment that trues up the projected program costs and revenues with the actuals for the preceding annual QIP period. The annual filing will be submitted on August 31st of every year, to become effective on January 1st of the next year. The balancing adjustment will be filed no later than March 31st following the end of each 12-month QIP period, to become effective on July 1st.

The monthly QIP Rider charges for all respective water service classifications will be calculated as a percentage and applied to all water charges including meter fees, volumetric water sales, fire service fees, and public and private hydrant fees from the Company’s most recent base rate case, but excluding any other surcharge or add-on taxes. The percentage is calculated by dividing the QIP revenue requirement by the water revenues authorized in the Company’s most recent rate case and multiplying the resulting QIP period by the number of days the QIP percentage will be in effect, divided by 365 days (366 days in a leap year). It will be listed as a separate line item on the customer bill. The QIP percentage shall be calculated on an annual prospective basis. The QIP Rider charge effective on and after the effective date is:

(I) 11.09%



ISSUED: June 27, 2025
EFFECTIVE: July 1, 2025

Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

Issued by authority of an Order of the Public Service Commission in Case No. 2025-00099 dated June 26, 2025

KENTUCKY PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
Linda C. Bridwell
EFFECTIVE
7/1/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)