

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

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

- a. QIP-eligible Plant In-Service not included in base water rates minus the associated QIP-related accumulated depreciation and accumulated deferred income taxes;
- 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.

(N) signifies new rate or requirement.

ISSUED: July 1, 2021

EFFECTIVE: July 1, 2021

ISSUED BY: /s/ Nick O. Rowe

**Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502**

Issued by authority of an Order of the Public Service Commission in Case No. 2021-00090 dated June 21, 2021



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 and subsequently adjusted to true-up the projected costs with the actual costs. The initial annual prospective QIP period will be the first full twelve month period following the Forecast Test Period utilized by the Commission in establishing Base Rates of the Company in its prior Base Rate Case proceeding. A filing with the projected costs for each twelve month QIP period will be submitted annually at least 90 days prior to the commencement of that QIP period, to become effective with the first day of the QIP period. The Company will submit a balancing adjustment annually no later than 90 days after the end of each 12 month QIP period to true-up the projected program costs and revenues, with the actuals for the same period. The balancing adjustment true-up to the rider will become effective 180 days after the end of the QIP period.

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. 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) 8.27%



(I) signifies increase

ISSUED: October 16, 2023
EFFECTIVE: October 1, 2023
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. 2023-00030 Dated September 29, 2023

