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NEWS RELEASE

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PSC to Examine Kentucky-American Water Rate Reduction *Utility directed to credit customers with savings from debt refinancing*

FRANKFORT, Ky. (Mar. 24, 2020) – The Kentucky Public Service Commission (PSC) has opened a proceeding to determine how much money should be returned to Kentucky-American Water Company's ratepayers as a result of the utility reducing its costs by refinancing \$71.39 million in corporate debt.

In an order issued today, the PSC directed Kentucky-American to file within 15 days its proposed mechanism for returning the savings from the refinancing to its customers.

The case stems from Kentucky-American's last rate case, which was concluded in June 2019 with a PSC order granting the utility a rate increase. The increase was based on Kentucky-American's projected costs for the 12 months ending June 30, 2020.

During the rate case, Kentucky-American indicated that it was looking into refinancing more than \$97 million in long-term corporate debt over the following two years. It further stated that that a refinancing would be followed by an evaluation of whether a rate change would be appropriate to reflect the savings as a result of lower interest costs.

Kentucky-American ultimately refinanced \$71.39 million in long-term debt on November 19, 2019. Because the refinancing took effect during the period used to determine the utility's current rates, the PSC found that a case should be opened to determine how the savings should be reflected in Kentucky-American's rates, taking into consideration both the savings to-date and in the future.

Today's order is available on the PSC website, psc.ky.gov. The case number is 2020-00091. The record of the rate proceeding (case 2018-00083) also may be found on the website.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,100 gas, water, sewer, electric and telecommunication utilities operating in Kentucky.

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