



Ernie Fletcher  
Governor

LaJuana S. Wilcher  
Secretary

Commonwealth of Kentucky  
**Environmental and Public Protection Cabinet**  
**Public Service Commission**

211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-7397

May 25, 2004

Mr. Wade Crabb  
246 North Broadway  
Lexington, KY 40507

Dear Mr. Crabb:

Thank you for your letter regarding Kentucky-American Water Company's water shortage plan. We understand your concerns and we will be placing your letter in the case file, which will ensure that the Commissioners see your concerns before making their decisions regarding the water shortage plan.

Should you need to correspond further on this subject, please do so in writing and reference Case No. 2004-00103 so additional correspondence can also be included in the case file. If I can be of further assistance, please feel free to call me on our hotline at 1-800-772-4636.

Sincerely,

  
Ginny Smith, Director  
Consumer Services

/cc

23 May 04

Ginny Smith  
Director  
Consumer Services  
Public Service Commission  
211 Sower Blvd  
P.O. Box 615  
Frankfort, KY 40602-0615

**RECEIVED**

MAY 25 2004

PSC Consumer Services

RE: your response dated 18 May 04.

Please reread #5 Water Rationing Phase in the Kentucky-American Water Company's water shortage plan. It says "Begin mandatory allocation of water..." This does not sound "voluntary".

How the water company or the PSC determines the mandatory allocation for each household is important. I located in a Ky-Am Water Company Notice sent out in May 04 that states the allocation will be determined "on an individual customer basis." See Rates Residential numbers 1 and 8.

If a drought gets bad enough, apparently the water company plans to ration the amount of water a customer gets based on what they used the previous Fall/Winter period. See #2.

This is unfair to customers who voluntarily ration their water usage all year long including the months for the Fall/Winter period. It is unfair to any customer who vacations during that period. Both cases would make the customer's basis smaller than customers that use water freely and do not vacation during the base period.

Please ask the PSC to consider these possibilities as the method for allocation is discussed.

Thank you,

Wade Crabb  
246 North Broadway  
Lexington, KY 40507

# NOTICE

Notice is hereby given that Kentucky-American Water Company, a Kentucky corporation, seeks approval by the Public Service Commission, Frankfort, Kentucky, for an adjustment of rates to become effective May 30, 2004, for service rendered on and after May 30, 2004, in the total amount of \$6,919,440 on an annual basis. The percentage of increase will approximate 16.29% to Kentucky-American Water Company. The estimated amount of increase per customer class in the Central Division (Bourbon, Clark, Fayette, Harrison, Jessamine, Scott and Woodford Counties) is: residential, \$3,403,382, 15.30%; commercial, \$1,609,152, 15.30%; industrial, \$241,813, 15.30%; municipal or private fire hydrants, \$85,995, 15.30%; public fire hydrants, \$235,781, 15.30%; private fire hydrants, \$42,394, 15.30%; municipal and other public authority, \$477,612, 15.30%; sales for resale, \$118,031, 15.30%; activation fee, customers, \$665,280, 100%. The effect upon the average bill for each customer class on which the proposed rate change will apply is an increase: residential, \$2.85, 15.30%; commercial, \$15.95, 15.30%; industrial, \$9,864.93, 15.30%; public fire hydrants, \$44.00, 15.30%; private fire hydrants, \$66.03, 15.30%; municipal and other public authority, \$60.13, 15.30% and sales for resale, \$1,805.96, 15.30%; and activation fee customers, \$24.00, 100%.

The present rates charged in the Central Division (Bourbon, Clark, Fayette, Harrison, Jessamine, Scott and Woodford Counties) by Kentucky-American Water Company are as follows:

## SERVICE CLASSIFICATION NO. 1

**Applicable**  
Applicable to all customers in the Central Division (Bourbon, Clark, Fayette, Harrison, Jessamine, Scott and Woodford Counties)

**Availability of Service**  
Available for Residential, Commercial, Industrial, Other Public Authority and Sales for Resale Metered Service

### Meter Rates

The following shall be the rates for consumption, in addition to the service charges provided for herein.

Customer Category	Rate Per 1,000 Gallons All Consumption	Rate Per 100 Cubic Feet All Consumption
Residential	\$ 2,234.41	\$ 1,673.81
Commercial	2,068.98	1,531.74
Industrial	1,688.28	1,260.21
Municipal & Other Public Authority	1,981.96	1,486.47
Sales for Resale	1,981.96	1,486.47

## NEW ACCOUNT SETUP

An activation fee of \$23.00 shall be charged to set up a new account when there is a change in ownership or tenancy. This will cover the cost of meter reading and record setup.

## EMERGENCY PRICING TABLE

The Emergency Pricing Tariff shall be in effect during the time when the Company is in the Water Shortage Reducing Phase of its Demand Management Plan as on file with the Commission.

### Applicable

Applicable to Residential, Commercial, Industrial, Other Public Authority, and Sales for Resale customers in the Central Division (Bourbon, Clark, Harrison, Fayette, Jessamine, Scott and Woodford Counties) of Kentucky-American Water Company. On an individual customer basis, base usage for hospitals and other health care facilities will be established that will not endanger the health of patients or residents and may differ from base usage calculated using methodologies set forth below.

### Availability of Service

Available for Residential, Commercial, Industrial, Other Public Authority, and Sales for Resale customers.

### Rates

1. On an individual customer basis, base usage will be calculated as the average of monthly base period usage. **Residential**
  2. Base period shall be the immediately preceding non-drought Fall/Winter (November-April) period. For customers not billed for a full base period, the base usage will be the same as that used by the Company to calculate sewer bills for the Lexington-Fayette Urban County Government in similar cases.
  3. On an individual customer basis, usage less than or equal to base usage will be billed at the regular tariff rate.
  4. On an individual customer basis, usage exceeding base usage by up to twenty-five percent (25%) will be billed at five (5) times the regular tariff rate.
  5. On an individual customer basis, usage exceeding twenty-five percent (25%) above base usage will be billed at ten (10) times the regular tariff rate.
  6. On an individual customer basis, usage exceeding base usage by fifty percent (50%) or more for two (2) consecutive meter readings shall receive personal communication regarding usage.
  7. On an individual customer basis, usage exceeding base usage by fifty percent (50%) or more for three (3) consecutive meter readings may be subject to disconnection of service with a forty-eight hour (48-hour) notice for which regular reconnection fees will apply.
  8. Base usage may be reduced periodically by an amount equal to the then current projected shortage percentage if emergency or drought conditions persist or if the necessary level of demand reduction is not achieved.
- Commercial**
1. On an individual customer basis, base usage will be calculated as the average of monthly base period usage.
  2. Base period shall be the immediately preceding non-drought twelve-month (12-Month) period. For customers not billed for a full base period, the base usage will be the same as that used by the Company to calculate sewer bills for the Lexington-Fayette Urban County Government in similar cases.
  3. On an individual customer basis, usage less than or equal to base usage will be billed at the regular tariff rate.

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May 18, 2004

Mr. Wade Crabb  
246 North Broadway  
Lexington, KY 40507

Dear Mr. Crabb:

Thank you for contacting the Public Service Commission. Your letter regarding the Kentucky-American Water Company's plans for water rationing during severe droughts has been referred to my attention for response.

I am enclosing a copy of Kentucky-American Water Company's water shortage plan. This information is listed in Kentucky-American's tariff that is filed with the Commission. You can view their entire tariff by going to on our web page at [www.psc.state.ky.us](http://www.psc.state.ky.us) and clicking on tariff library. There is nothing listed that specifically mentions the methods used to determine what each household is rationed. The idea is for customers to voluntarily limit their usage during a severe drought.

I trust this information is responsive to your concerns. If you have additional questions, you can call our hotline at 1-800-772-4636.

Sincerely,

Ginny Smith, Director  
Consumer Services

/cc

16 May 2004

Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, KY. 40602-0615

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MAY 18 2004

PSC Consumer Services

Dear Sirs:

The Kentucky-American Water Company is planning on rationing water during severe droughts. The method chosen to determine the amount of water each household is rationed is important.

If water is rationed according to previous usage (amount used during the same months the year or years previous), then families that are environmentally aware and limit their use of water year round to near their minimum requirement would have their ration placed below their minimum. They would suffer. A similar sized household not using self restraint, taking long showers, flushing often, leaving water running, watering the lawn frequently, washing their vehicle weekly, and filling a swimming pool would be rationed well above their minimum. They would not be truly hurt by the rationing; they would be honored for using lots of water by receiving a larger ration amount.

How fair is that?

A family that normally travels all summer would appear to use little water. If they stayed at home during a drought year, their rationed amount would not meet their needs.

Is that fair?

Rationing needs to be based on the size of the household, not on the household's previously used amount of water. Maybe the variables of household size, month, and usage could be used to determine the average amount of water used by similar sized households and then rationing could be based upon that average.

Please, let us find a way to be fair. Do not punish those that use self restraint daily while honoring those that use more than their share daily. The rationing needs to take into consideration honest needs, not wasteful indulgence.

Sincerely,



Wade Crabb  
246 North Broadway  
Lexington, KY 40507