

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 7**

Description of Filing Requirement:

Public Notice

Response:

Please see attached.

For electronic version, see KAW_APP_EX7_043007.pdf

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, 2007, for service rendered on and after May 30, 2007, in the total amount of \$13,188,906 on an annual basis. The percentage of increase will approximate an overall increase of 25.10% 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, \$7,261,612, 28.64%; commercial, \$3,603,420, 29.01%; industrial, \$502,597, 33.00%; municipal or private fire connections, \$213,574, 34.93%; public fire hydrants, \$529,333, 26.99%; private fire hydrants, \$105,307, 34.93%; municipal and other public authority, \$1,037,001, 27.72%; sales for resale, \$327,927, 32.20%; activation fee customers, \$17,958, 8.33%; reconnection fee customers, \$56,270, 8.43%. The effect upon the average bill for each customer class that the proposed rate change will apply in the Central Division is an increase: residential, \$5.81, 29.02%; commercial, \$32.09, 29.48%; industrial, \$865.36, 32.79%; municipal or private fire connections, \$169.64, 34.93%; public fire hydrants, \$84.13 per hydrant, 26.99%; private fire hydrants, \$164.03, 34.94%; municipal and other public authority, \$108.30, 26.89%; sales for resale, \$1,708.11, 33.04%; activation fee customers, \$2.00, 8.33%; reconnection fee customers, \$2.00, 8.33%.

The estimated amount of increase for the residential class in the Northern Division to the customers formerly served by Elk Lake Property Owners Association, Inc. is: residential, \$193, .21%; the estimated amount of decrease for the commercial class is \$151, -60.16%. The effect upon the average bill for each customer class that the proposed rate change will apply in the Northern Division to the customers formerly served by Elk Lake Property Owners Association, Inc., is a decrease in the residential class of \$6.96, -33.22% and a decrease in the commercial class of \$6.42, -28.65%.

The estimated amount of decrease in the Northern Division to the former customers of Tri-Village Water District is: residential, \$310,080, -31.12%; commercial \$40,885, -34.19%; municipal and other public authority \$16,093, -40.03%. The effect upon the average bill for each customer class that the proposed rate change will apply in the Northern Division to the former customers of Tri-Village Water District is a decrease in the residential class of \$9.88, -30.00%, a decrease in the

commercial class of \$7.68, -15.59%; and a decrease in the municipal and other public authority of \$71.76, -27.65%.

The estimated amount of change in the Northern Division to the former customers of the City of Owenton is a decrease for residential of \$103,846, -25.52% and an increase for commercial of \$4,703, 2.37%. The effect upon the average bill for each customer class that the proposed rate change will apply in the Northern Division to the former customers of the City of Owenton is a decrease in the residential class of \$4.89,-19.21% and a decrease in the commercial class of \$.57, -1.26%.

The present rates charged 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:

<u>Customer Category</u>	<u>Rate Per 1,000 Gallons All Consumption</u>	<u>Rate Per 100 Cubic Feet All Consumption</u>
Residential	\$ 2.43167	\$ 1.82375
Commercial	2.25164	1.68873
Industrial	1.83737	1.37803
Municipal & Other		
Public Authority	2.15695	1.61771
Sales for Resale	2.15695	1.61771

Service Charges

All metered general water service customers shall pay a service charge based on the size of meter installed. The service charge will not entitle the customer to any water.

<u>Size of Meter</u>	<u>Service Charge Per Month</u>
5/8"	\$ 7.95
3/4"	11.94
1"	19.89
1-1/2"	39.77
2"	63.64
3"	119.32
4"	198.86
6"	397.73
8"	636.36

SERVICE CLASSIFICATION NO. 3

Applicable

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

Availability of Service

Available for Municipal or Private Fire Connections used exclusively for fire protection purposes.

Fire Service Rates

<u>Size of Service</u>	<u>Rate Per Month</u>	<u>Rate Per Annum</u>
2 Inch Diameter	\$ 4.35	\$ 52.23
4 Inch Diameter	17.41	280.93
6 Inch Diameter	39.13	469.57
8 Inch Diameter	69.56	834.67
10 Inch Diameter	108.69	1,304.23
12 Inch Diameter	156.53	1,878.39
14 Inch Diameter	213.09	2,557.02
16 Inch Diameter	278.24	3,338.93

SERVICE CLASSIFICATION NO. 4

Applicable

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

Availability of Service

Available for Municipal or Private Fire Connections used exclusively in fire protection charges.

Rates for Public Fire Service

	<u>Rate Per Month</u>	<u>Rate Per Annum</u>
For each public fire hydrant contracted for or ordered by Urban County, County, State or Federal Government Agencies or Institutions	\$26.07	\$312.87

Rates for Private Fire Service

For each private fire hydrant contracted for by industries or private institutions	\$39.13	\$469.57
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TAPPING FEES

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 customers.

<u>Size of Meter Connected</u>	<u>Tapping Fee</u>
5/8-Inch	\$ 510.00
1-Inch	945.00
2-Inch	4,250.00
Service larger than 2"	Actual Cost

NEW ACCOUNT SET UP

An activation fee of \$24.00 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.

RECONNECTION FEE

A reconnection fee of \$24.00 shall be charged to reconnect for shutoffs.

SERVICE CLASSIFICATION NO. 1

Applicable

Applicable to all customers in the Northern Division formerly served by the Tri-Village Water District.

Availability of Service

Available for Residential, Commercial, Industrial, Municipal and Other Public Authority and Sales for Resale Metered Service.

Meter Rates

The following shall be the rates for water consumption:

<u>Rate per 1,000 Gallons</u>		<u>Rate per 100 Cubic Feet</u>	
First 2,000 gallons	\$19.40 minimum bill	First 2.67 100 CF	\$19.40 minimum bill
Next 4,000 gallons	6.22 per 1,000 gallons	Next 5.33 100 CF	4.665 per 100 CF
Next 4,000 gallons	6.10 per 1,000 gallons	Next 5.33 100 CF	4.575 per 100 CF
Next 10,000 gallons	5.98 per 1,000 gallons	Next 13.33 100 CF	4.485 per 100 CF
Over 20,000 gallons	5.74 per 1,000 gallons	Over 26.66 100 CF	4.305 per 100 CF

TAPPING FEES

Applicable

Applicable to all customers in the Northern Division formerly served by the Tri-Village Water District.

Availability of Service

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

<u>Size of Meter Connected</u>	<u>Tapping Fee</u>
5/8-Inch	\$ 530.00
1-Inch	945.00
2-Inch	4,250.00
Service larger than 2"	Actual Cost

NEW ACCOUNT SET UP

An activation fee of \$24.00 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.

RECONNECTION FEE

A reconnection fee of \$29.00 shall be charged to reconnect for shutoffs.

SERVICE CLASSIFICATION NO. 1

Applicable

Applicable to all customers in the Northern Division formerly served by the Elk Lake Shores Subdivision.

Availability of Service

Available for Residential, Commercial, Industrial, Municipal and Other Public Authority and Sales for Resale Metered Service.

Meter Rates

The following shall be the rates for water consumption:

<u>Rate per 1,000 Gallons</u>		<u>Rate per 100 Cubic Feet</u>	
First 2,000 gallons	\$20.95 minimum bill	First 2.67 100 CF	\$20.95 minimum bill
Next 2,000 gallons	2.35 per 1,000 gallons	Next 2.67 100 CF	1.7625 per 100 CF
Over 4,000 gallons	1.70 per 1,000 gallons	Over 5.34 100 CF	1.2750 per 100 CF

NEW ACCOUNT SET UP

An activation fee of \$24.00 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.

RECONNECTION FEE

A reconnection fee of \$40.00 shall be charged to reconnect for shutoffs.

SERVICE CLASSIFICATION NO. 1

Applicable

Applicable to all customers in the City of Owenton.

Availability of Service

Available for Residential, Commercial, Industrial, Sales for Resale, Municipal and All Other Public Authority metered Service.

Monthly Water Rates

The following shall be the rates for water consumption.

Within the City Limits

	Per 1,000 gallons
First 2,000 gallons	\$16.77 minimum bill
Next 1,000 gallons	6.26 per 1,000 gallons
Next 2,000 gallons	5.18 per 1,000 gallons
Next 5,000 gallons	4.20 per 1,000 gallons
Next 10,000 gallons	3.42 per 1,000 gallons
Next 20,000 gallons	3.10 per 1,000 gallons
All over 40,000 gallons	3.06 per 1,000 gallons

	Per CCF
First 2.67 CCF	\$16.77 minimum bill
Next 1.33 CCF	4.695 per CCF
Next 2.67 CCF	3.885 per CCF
Next 6.67 CCF	3.150 per CCF
Next 13.33 CCF	2.565 per CCF
Next 26.67 CCF	2.325 per CCF
All over 53.34 CCF	2.295 per CCF

Outside the City Limits

RATE B

First 6,000 gallons	\$39.35 minimum bill
Next 2,000 gallons	6.04 per 1,000 gallons
All over 8,000 gallons	4.55 per 1,000 gallons

First 8.0 CCF	\$39.35 minimum bill
Next 2.67 CCF	4.53 per CCF
All over 10.67 CCF	3.4125 per CCF

RATE G

First 2,000 gallons	\$22.68 minimum bill
Next 2,000 gallons	7.56 per 1,000 gallons
All over 4,000 gallons	4.55 per 1,000 gallons

First 2.67 CCF	\$22.68 minimum bill
Next 2.67 CCF	5.67 per CCF
All over 5.34 CCF	3.4125 per CCF

The proposed rates to be charged by Kentucky-American Water Company are as follows:

SERVICE CLASSIFICATION NO. 1

Applicable

Applicable to all customers of Kentucky-American Water Company.

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:

<u>Customer Category</u>	<u>Rate Per 1,000 Gallons All Consumption</u>	<u>Rate Per 100 Cubic Feet All Consumption</u>
Residential	\$ 3.5219	\$ 2.6414
Commercial	3.0397	2.2798
Industrial	2.4659	1.8494
Municipal & Other		
Public Authority	2.8263	2.1197
Sales for Resale	2.8772	2.1579

Service Charges

All metered general water service customers shall pay a service charge based on the size of meter installed. The service charge will not entitle the customer to any water.

<u>Size of Meter</u>	<u>Service Charge Per Month</u>
5/8"	\$ 8.34
3/4"	12.51
1"	20.85
1-1/2"	41.70
2"	66.72
3"	125.10
4"	208.50
6"	417.00
8"	667.20

SERVICE CLASSIFICATION NO. 3

Applicable

Applicable to all customers of Kentucky-American Water Company.

Availability of Service

Available for Municipal or Private Fire Connections used exclusively for fire protection purposes.

Fire Service Rates

<u>Size of Service</u>	<u>Rate Per Month</u>	<u>Rate Per Annum</u>
2 Inch Diameter	\$ 5.89	\$ 70.68
4 Inch Diameter	23.49	281.88
6 Inch Diameter	52.80	633.60
8 Inch Diameter	93.84	1,126.08
10 Inch Diameter	146.64	1,759.68
12 Inch Diameter	211.19	2,534.28
14 Inch Diameter	287.50	3,450.00
16 Inch Diameter	375.41	4,504.92

SERVICE CLASSIFICATION NO. 4

Applicable

Applicable to all customers of Kentucky-American Water Company.

Availability of Service

Available for Municipal or Private Fire Connections used exclusively in fire protection charges.

Rates for Public Fire Service

	<u>Rate Per Month</u>	<u>Rate Per Annum</u>
For each public fire hydrant contracted for or ordered by Urban County, County, State or Federal Government Agencies or Institutions	\$33.11	\$397.32

Rates for Private Fire Service

For each private fire hydrant contracted for by industries or private institutions	\$52.80	\$633.60
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TAPPING FEES

Applicable

Applicable to all customers of Kentucky-American Water Company.

Availability of Service

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

<u>Size of Meter Connected</u>	<u>Tapping Fee</u>
5/8-Inch	\$ 660.00
1-Inch	1,254.00
2-Inch	2,945.00
Service larger than 2”	Actual Cost

NEW ACCOUNT SET UP

An activation fee of \$26.00 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.

RECONNECTION FEE

A reconnection fee of \$26.00 shall be charged to reconnect for shutoffs.

The rates contained in this notice are the rates proposed by Kentucky-American Water Company; however, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Notice is further given that any corporation, association, or person with a substantial interest in the matter may, by written request within thirty (30) days after the publication of this notice, request to intervene in the matter before the Public Service Commission. Intervention may be granted beyond the thirty (30) day period for good cause shown. The request should be submitted to the Public Service Commission at its address shown below. Any person who has been granted intervention by the Commission may obtain copies of the application and testimony by contacting Kentucky-American Water Company at the address below.

Any person may examine the rate application and any other filings made by Kentucky-American Water Company at its offices or at the Public Service Commission at the addresses below.

Kentucky-American Water Company
2300 Richmond Road

Lexington, Kentucky 40502
Telephone: 859-269-2386

Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601
Telephone: 502-564-3940