

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF:)
)
THE APPLICATION OF KENTUCKY-AMERICAN) CASE NO. 2010-00036
WATER COMPANY FOR AN ADJUSTMENT OF)
RATES ON AND AFTER MARCH 28, 2010)

**JOINT NOTICE OF CONTENT OF
SETTLEMENT AGREEMENT IN CASE NO. 2007-00143
REGARDING CONSOLIDATED INCOME TAX ADJUSTMENT**

The Attorney General of Kentucky (“AG”) and Kentucky-American Water Company (“KAWC”) provide notice to the Commission of the contents of the Settlement Agreement reached by the parties in KAWC’s 2007 general rate case.¹ By way of background, when KAWC filed Case No. 2007-00143 requesting an increase in its base rates, KAWC’s appeal of the Commission’s final order in Case No. 2004-0013² was pending in the Franklin Circuit Court as Civil Action No. 2005-00587. One of the issues on appeal was the Commission’s imposition of a consolidated income tax adjustment in Case No. 2004-00103. That appeal remained unresolved when the parties to Case No. 2007-00143 reached a settlement.

When the parties to Case No. 2007-00143 reached a settlement, they specifically addressed: (1) the resolution of Franklin Circuit Court Civil Action No. 2005-00587; and (2) the effect of that resolution on KAWC’s ability to make argument or request relief on the issue of a consolidated income tax adjustment in future general rate cases. In the settlement agreement, the

¹ Case No. 2007-00143, *In the Matter of: Adjustment of Rates of Kentucky-American Water Company.*

² Case No. 2004-00103, *In the Matter of: Adjustment of Rates of Kentucky-American Water Company.*

terms of which were explicitly approved by the Commission by Order of November 29, 2007, the parties agreed as follows:

The parties agree that, within a reasonable time after the Commission accepts and approves this Agreement, KAW will take all necessary steps to cause its Complaint for the appeal of the Commission's February 28, 2005 and March 30, 2006 Orders in KAW's last general rate case (Case No. 2004-00103), which Complaint is currently pending in the Franklin Circuit Court, Civil Action No. 2005-00587, to be dismissed. However, the parties further agree that KAW shall not be precluded from requesting, pursuing, or in any way applying for relief on the issues in that appeal in subsequent KAW general rate cases. For example, one of the issues in KAW's pending appeal is the Commission's decision on the subject of a consolidated income tax adjustment. The parties agree that the voluntary dismissal of KAW's Complaint shall have no effect on KAW's ability to make any argument or request any relief it deems appropriate on the issue of a consolidated income tax adjustment in future general rate cases.³ (Emphasis added).

In the AG's September 3, 2010 Post-Hearing Brief in this pending general rate case, the AG addressed the Commission's treatment of a consolidated income tax adjustment in Case No. 2004-00103, KAWC's appeal thereof, and KAWC's subsequent dismissal of that appeal. The AG's Brief states, "Whatever challenge Kentucky-American Water may have had to the above findings and conclusions was waived and defaulted when it agreed to dismiss its request for judicial review in *Kentucky-American Water Company v. Public Service Commission*, Franklin Circuit Court, Case No. 2005-CI-00587."⁴

The AG and KAWC believe that the language in the AG's brief in this matter is inconsistent with the terms agreed to and approved in the Settlement Agreement for Case No. 2007-00143. Therefore, the parties have agreed to submit this joint filing to: (1) remind the Commission of the terms of the Settlement Agreement in Case No. 2007-00143; and (2) inform the Commission that the language of the AG's Post-Hearing Brief on this issue was not intended,

³ See Section 4, page 3, of the Settlement Agreement in Case No. 2007-00143, a copy of which is attached.

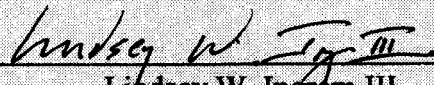
⁴ AG's September 3, 2010 Post-Hearing Brief, page 9.

in any way, to erode or otherwise affect the terms of the 2007 Settlement Agreement relating to KAWC's ability to make argument or request relief on the issue of a consolidated income tax adjustment in this pending general rate case.

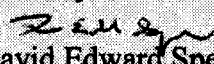
Respectfully submitted,

STOLL KEENON OGDEN PLLC

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Lexington, Kentucky 40507-1801
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L.Ingram@skofirm.com

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and

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Attorney General

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T 502-696-5453
F 502-573-8315

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF:)	
)	
NOTICE OF ADJUSTMENT OF THE RATES OF)	CASE NO. 2007-00143
KENTUCKY-AMERICAN WATER COMPANY)	
EFFECTIVE ON AND AFTER MAY 30, 2007)	

SETTLEMENT AGREEMENT, STIPULATION AND RECOMMENDATION

It is the intent and purpose of the parties to this proceeding, namely Kentucky-American Water Company (“KAW”); the Attorney General of the Commonwealth of Kentucky (“AG”); the Lexington-Fayette Urban County Government (“LFUCG”); the Kentucky Industrial Utility Customers (“KIUC”); and Community Action Council (“CAC”), to express their agreement on a mutually satisfactory resolution of all of the issues in the instant proceeding.

It is understood by all parties that this Settlement Agreement, Stipulation and Recommendation (“Agreement”) is not binding upon the Public Service Commission (“Commission”), nor does it represent agreement on any specific theory supporting the appropriateness of any recommended adjustments to KAW’s rates. The parties have expended considerable efforts to reach the agreements that form the basis of this Agreement. All of the parties, representing diverse interests and divergent viewpoints, agree that this Agreement, viewed in its entirety, constitutes a reasonable resolution of all issues in this proceeding.

The adoption of this Agreement will eliminate the need for the Commission and the parties to expend significant resources litigating this proceeding, and eliminate the possibility of, and any need for, rehearing or appeals of the Commission’s final order herein. The parties agree that this Agreement is supported by sufficient and adequate data and information, and should be

approved by the Commission. Based upon the parties' participation in settlement conferences and the materials on file with the Commission, and upon the belief that these materials adequately support this Agreement, the parties hereby agree to, stipulate and recommend the following:

1. KAW should be authorized to adjust its rates in order to permit it to recover \$8,000,000.00 more in annual revenue than it is recovering under its current rates, with such revised rates to be effective for service rendered on and after December 1, 2007. The increased revenue requirement shall be reflected in increases to the customer charges associated with KAW's various rate schedules as reflected in the tariff sheets attached as Exhibit A, which rates are to be effective as of December 1, 2007 and will be filed upon the Commission's approval of this Agreement. These tariff sheets further reflect rates that are designed to allow KAW to recover the increased revenue from its various classes of customers in the manner agreed to by the parties to this Agreement. The parties agree that these rates are fair, just and reasonable.

2. The attached tariff sheets reflect implementation of the single tariff pricing model proposed by KAW in this proceeding which will result in the same rates being charged to each customer class regardless of whether that class is/was in KAW's Northern or Central Division.

3. The depreciation study KAW submitted in this proceeding has been the subject of discussion between KAW and the AG. The parties to this proceeding agree that the depreciation rates set forth in Exhibit B to this Agreement should be accepted by the Commission and made effective as of December 1, 2007.

4. The parties agree that, within a reasonable time after the Commission accepts and approves this Agreement, KAW will take all necessary steps to cause its Complaint for the appeal of the Commission's February 28, 2005 and March 30, 2006 Orders in KAW's last

general rate case (Case No. 2004-00103), which Complaint is currently pending in the Franklin Circuit Court, Civil Action No. 2005-00587, to be dismissed. However, the parties further agree that KAW shall not be precluded from requesting, pursuing, or in any way applying for relief on the issues in that appeal in subsequent KAW general rate cases. For example, one of the issues in KAW's pending appeal is the Commission's decision on the subject of a consolidated income tax adjustment. The parties agree that the voluntary dismissal of KAW's Complaint shall have no effect on KAW's ability to make any argument or request any relief it deems appropriate on the issue of a consolidated income tax adjustment in future general rate cases. Finally, the parties agree that dismissal of KAW's Complaint in Civil Action No. 2005-00587 shall in no way affect KAW's rights, defenses or arguments in defending the LFUCG's Complaint in the action that began in the Franklin Circuit Court as Civil Action No. 2005-00609, but which was consolidated with Civil Action No. 2005-00587 by Order of June 7, 2006.

5. The parties agree that beginning in KAW's 2008 fiscal year, KAW will increase its annual contribution to the Help to Others Program to a total of \$50,000.00.

6. The parties agree that KAWC will take the following actions with respect to fire hydrants located in Fayette County: (a) establish a liaison or point of contact with respect to fire hydrants; (b) continue to paint hydrants in accordance with NFPA 291, Chapter 5, on a timely basis; (c) either provide LFUCG with the information related to the inspection and testing of each fire hydrant within 30 days of its inspection or testing, or provide a monthly summary update of the same information. Further, the parties agree that, within a reasonable time after the Commission accepts and approves this Agreement, LFUCG will take all necessary steps to cause its Complaint for the appeal of the Commission's February 28, 2005 and March 30, 2006 Orders in KAW's last general rate case (Case No. 2004-00103) to be dismissed. That Complaint

commenced Civil Action No. 2005-00609 in the Franklin Circuit Court which was consolidated with Civil Action No. 2005-00587 by Order of June 7, 2006.

7. Attached to this Agreement as Exhibit C are proof-of-revenue sheets, showing that the rates set forth in Exhibit A will generate the proposed revenue increase to which the parties have agreed in Paragraph No. 1 above.

8. Each party waives all cross-examination of the other parties' witnesses unless the Commission disapproves this Agreement, and each party further stipulates and recommends that the Notice of Intent, Notice, Application, testimony, pleadings and responses to data requests filed in this proceeding be admitted into the record.

9. This Agreement is submitted for purposes of this case only and is not deemed binding upon the parties in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving KAW or any other utility.

10. If the Commission issues an order adopting this Agreement in its entirety, each of the parties agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin Circuit Court with respect to such order.

11. In the event the Commission should reject or modify all or any portion of this Agreement, or impose additional conditions or requirements upon the parties, each party shall have the right, within thirty (30) days of the Commission's order, to either file an application for rehearing or terminate and withdraw from the Agreement by filing a notice with the Commission. Upon rehearing, any party shall have the right within fifteen (15) days of the Commission's order on rehearing to file a notice of termination or withdrawal from this Agreement. In such event, the terms of this Agreement shall not be deemed binding upon the parties and the Agreement shall not be admitted into evidence, or referred to, or relied upon in

any manner by any party. In order to facilitate the execution of this Agreement and to achieve one of the purposes of this Agreement, KAW will not file rebuttal testimony that might have otherwise been filed. However, should any party require that hearings go forward pursuant to this paragraph, then the parties agree that all parties should be permitted to move the Commission for the establishment of a procedural schedule which would permit the parties to submit evidence that was not been submitted as a result of reaching this Agreement.

12. The parties agree that this Agreement is a fair, just and reasonable resolution of the issues in this proceeding and is in the best interests of all concerned. The parties urge the Commission to adopt the Agreement in its entirety. The parties agree that, following the execution of this Agreement, it shall be submitted to the Commission together with a request for consideration and approval of the Agreement. The parties agree that this Agreement is subject to the acceptance of and approval by the Commission and they further agree to act in good faith and to use their best efforts to recommend to the Commission that this Agreement be accepted and approved.

13. The parties agree that this Agreement shall inure to the benefit of and be binding upon the parties and their successors and assigns.

14. The parties agree that this Agreement constitutes the complete understanding among the parties and any and all oral statements, representations or agreements made prior to the execution of this Agreement shall be null and void and shall be deemed to have been merged into this Agreement.

15. The signatories to this Agreement warrant that they have informed, advised and otherwise consulted with the parties for whom they sign regarding the contents and significance

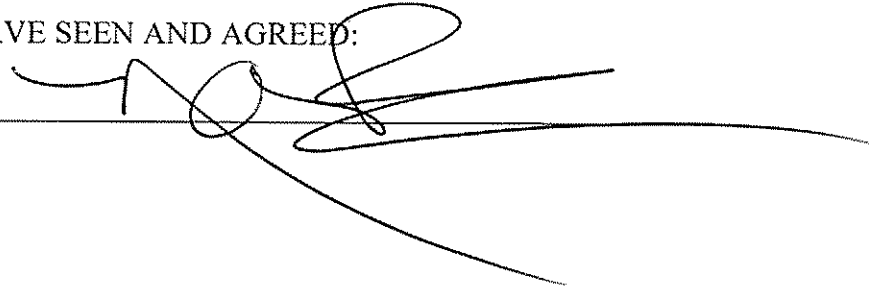
of this Agreement, and, based upon those communications, the signatories represent they are authorized to execute this Agreement on behalf of the parties.

16. The parties agree that this Agreement may be executed in multiple counterparts.

KENTUCKY-AMERICAN WATER COMPANY

HAVE SEEN AND AGREED:

By

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, written over a horizontal line.

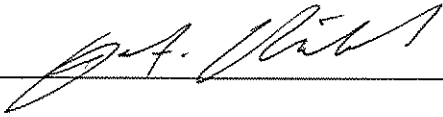
ATTORNEY GENERAL OF KENTUCKY

HAVE SEEN AND AGREED:

By David Earl Spence

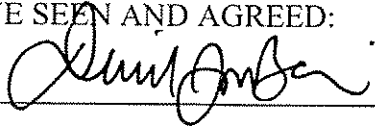
COMMUNITY ACTION COUNCIL

HAVE SEEN AND AGREED:

By 

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

HAVE SEEN AND AGREED:

By  (APPROVED BY COUNCIL 9/13/07)

KENTUCKY INDUSTRIAL UTILITY CUSTOMERS

HAVE SEEN AND AGREED:

By David F. Boehm

P.S.C. KY. No. 6

COVER SHEET AND ORIGINAL SHEETS:

Nos. 1, 2, 5 through 19, 20.1, 21, 24.1, 26, 29 through 49,
49.4, 49.5, 49.6, 51, 54, 58, 59, 61, 62, 63, 64, and 64a;

First Revised Sheet Nos. 4, 24, 25, 28, 49.1, 49.2, 49.3, 50.3, 57,
58.1, 58.2, 58.3, 58.4, 58.5, 60, 65 and Appendix H

Second Revised Sheet Nos. 22, 23, 27, 50.1, 50.2, 52.1, 55, 56;

Third Revised Sheet No. 3.1

Fourth Revised Sheet Nos. 28.1 and 28.2;

Fifth Revised Sheet Nos. 20, 55.1

Tenth Revised Sheet No. 3:

Twenty-First Revised Sheet No. 53;

Twenty-Third Revised Sheet No. 52;

Twenty-Seventh Revised Sheet No. 50

KENTUCKY-AMERICAN WATER COMPANY

2300 RICHMOND ROAD, LEXINGTON, KENTUCKY

FOR SERVICE IN KENTUCKY COUNTIES OF

BOURBON, CLARK, FAYETTE, GALLATIN, GRANT, HARRISON,

JESSAMINE, OWEN, SCOTT AND WOODFORD

FILED WITH THE PUBLIC SERVICE COMMISSION OF KENTUCKY

ISSUED:

EFFECTIVE: December 1, 2007

ISSUED BY: _____

2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. Ky No. 6
Tenth Revised Sheet No. 3
Canceling Ninth Revised Sheet No. 3

Index (Cont'd.)

<u>Rule Number</u>	<u>Title</u>	<u>Sheet No.</u>
34.	Rules and Regulations for furnishing Sewer Service at Rockwell Village Mobile Homepark	49.1
	Rules and Regulations for furnishing Sewer Service at Rockwell Village Mobile Homepark (Continued)	49.2
	Rules and Regulations for furnishing Sewer Service at Rockwell Village Mobile Homepark – Late Charges	49.3
	Rules and Regulations for furnishing Sewer Service at Rockwell Village Mobile Homepark - Rate per Unit	49.4
	Owenton Sewer Service	49.5
	Owenton Sewer Service – Connection Charge	49.6
(T)	Service Classification No. 1 - Customers in the entire service territory Of Kentucky American Water Company	50
(D)	Customers in Northern Division formerly Served by Tri-Village Water District	50.1
(D)	Customers in Northern Division formerly Served by Elk Lake Shores Subdivision	50.2
(D)	Customers in Northern Division formerly Served by the City of Owenton	50.3
	Service Classification No. 2 - Municipal and County Metered Service	51
(T)	Service Classification No. 3 - Private Fire Service	52
(T)	Tapping Fees	52.1
(T)	Service Classification No. 4 - Public and Private Fire Hydrants	53
	Service Classification No. 5 - Building Construction Purpose	54

(T) Indicates a text change
(D) Indicates discontinued

ISSUED:

EFFECTIVE: December 1, 2007

ISSUED BY: _____

2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. Ky No. 6
Third Revised Sheet No. 3.1
Canceling Second Sheet No. 3.1

Index (Cont'd.)

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	Reconnection Charge	56
	Returned Check Charge	57
	Service Line Inspection Fee	58
	Former Tri-Village Water District Customer Specific Tariff Charges	58.1
	Former Elk Lake Shores Subdivision Customer Specific Tariff Charges	58.2
	New Account Set-up – Activation Fee	58.3
(D)	Former Elk Lake Shores Subdivision Customer Specific Tariff Charges	58.5
	Computerized Loading Stations	59
	After Hours Reconnection Charge	61
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(D) Indicates discontinued tariff

ISSUED:

EFFECTIVE: December 1, 2007

ISSUED BY: _____

2300 Richmond Road, Lexington, KY 40502

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 1

Applicable

(T) Applicable to the entire Service Territory of Kentucky-American Water Company.

Availability of Service

Available for Residential, Commercial, Industrial, Sales for Resale, Municipal and All Other Public Authority 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
(I)	Residential	\$3.11706	\$2.33779
(I)	Commercial	2.85069	2.13802
(I)	Industrial	2.28552	1.71414
(I)	Municipal & Other Public Authority	2.66001	1.99501
(I)	Sales for Resale	2.68381	2.01286

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.

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

(T) Indicates Text Change

(I) Indicates Increase

ISSUED:

EFFECTIVE: December 1, 2007

ISSUED BY: _____

2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. Ky No. 6
Second Revised Sheet No. 50.1
Canceling First Revised Sheet No. 50.1

9d

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 1

(D) **Applicable**

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

(D) **Availability of Service**

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

(D) **Monthly Water Rates**

The following shall be the rates for water consumption.

Rate Per 1,000 Gallons

(D)	First	2,000 gallons	\$19.40 minimum bill
(D)	Next	4,000 gallons	6.22 per 1,000 gallons
(D)	Next	4,000 gallons	6.10 per 1,000 gallons
(D)	Next	10,000 gallons	5.98 per 1,000 gallons
(D)	Over	20,000 gallons	5.74 per 1,000 gallons

Rate Per 100 Cubic Feet

(D)	First	2.67 100 cubic feet	\$19.40 minimum bill
(D)	Next	5.33 100 cubic feet	4.665 per 100 cubic feet
(D)	Next	5.33 100 cubic feet	4.575 per 100 cubic feet
(D)	Next	13.33 100 cubic feet	4.485 per 100 cubic feet
(D)	Over	26.66 100 cubic feet	4.305 per 100 cubic feet

(D) Indicates Discontinued

ISSUED:

EFFECTIVE: December 1, 2007

ISSUED BY: _____

2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. Ky No. 6
Second Revised Sheet No. 50.2
Canceling First Revised Sheet No. 50.2

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 1

- (D) **Applicable**
Applicable to all customers in the Company's Northern Division formerly served by the Elk Lake Shores Subdivision.
- (D) **Availability of Service**
Available for Residential, Commercial, Industrial, Sales for Resale, Municipal and All Other Public Authority metered Service.

(D) **Monthly Water Rates**

The following shall be the rates for water consumption.

5/8 inch x 3/4 inch metered

- | | | |
|-----|---------------------------|---------------------------|
| (D) | First 2,000 gallons | \$20.95 minimum bill |
| (D) | Next 2,000 gallons | 2.35 per 1,000 gallons |
| (D) | Over 4,000 gallons | 1.70 per 1,000 gallons |
| (D) | First 2.67 100 cubic feet | \$20.95 minimum bill |
| (D) | Next 2.67 100 cubic feet | 1.7625 per 100 cubic feet |
| (D) | Over 5.34 100 cubic feet | 1.2750 per 100 cubic feet |

All meters shall be read to the nearest one hundred (100) gallons each month.

- (D) The monthly bill for a customer served by a 5/8" x 3/4" meter shall be \$20.95 for metered usages of zero (0) to two thousand (2,000) gallons or 2.67 100 cubic feet. The additional charge for usage in excess of two thousand gallons shall be computed to the nearest one hundred (100) gallons of usage on the basis of the above unit costs per one thousand (1,000) gallons.

Size of Service Line

The service line of all service shall be 3/4" with 5/8" x 3/4" meter.

(D) Indicates Discontinued

ISSUED:

EFFECTIVE: December 1, 2007

ISSUED BY: _____

2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. No. 6
First Revised Sheet 50.3
Canceling Original Sheet No. 50.3

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 1

(D) Applicable

Applicable to all customers in the City of Owenton.

(D) Availability of Service

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

(D) Monthly Water Rates

The following shall be the rates for water consumption.

Within the City Limits

	Per 1,000 gallons
(D) First 2,000 gallons	\$16.77 minimum bill
(D) Next 1,000 gallons	6.26 per 1,000 gallons
(D) Next 2,000 gallons	5.18 per 1,000 gallons
(D) Next 5,000 gallons	4.20 per 1,000 gallons
(D) Next 10,000 gallons	3.42 per 1,000 gallons
(D) Next 20,000 gallons	3.10 per 1,000 gallons
(D) 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

(D) First 6,000 gallons	\$39.35 minimum bill
(D) Next 2,000 gallons	6.04 per 1,000 gallons
(D) 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

(D) First 2,000 gallons	\$22.68 minimum bill
(D) Next 2,000 gallons	7.56 per 1,000 gallons
(D) 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

(D) Indicates Discontinued

ISSUED:

EFFECTIVE: December 1, 2007

ISSUED BY: _____

2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. Ky No. 6
Twenty-Third Revised Sheet No. 52
Canceling Twenty-Second Revised Sheet No. 52

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 3

Applicable

(T) Applicable to the entire Service Territory of Kentucky-American Water Company.

Availability of Service

Available for municipal or private fire connections used exclusively for fire protection purposes.

Rates

	<u>Size of Service</u>	<u>Rate Per</u> <u>Month</u>	<u>Rate Per</u> <u>Annum</u>
(I)	2" Diameter	\$ 5.02	\$ 60.24
(I)	4" Diameter	20.10	241.20
(I)	6" Diameter	45.17	542.04
(I)	8" Diameter	80.28	963.36
(I)	10" Diameter	125.45	1,505.40
(I)	12" Diameter	180.68	2,168.16
(I)	14" Diameter	245.95	2,951.40
(I)	16" Diameter	321.16	3,853.92

Special Provisions

No charge shall be made for water used in extinguishing accidental fires or for Underwriters' tests, and water shall not be drawn from a private fire service connection for any other purpose.

- (I) Indicates Increase
(T) Indicates Text Change

ISSUED:

EFFECTIVE: December 1, 2007

ISSUED BY: _____

2300 Richmond Road, Lexington, KY 40502

TAPPING FEES

Applicable

(T) Applicable to the entire Service Territory of Kentucky-American Water Company.

Availability of Service

Available for residential, commercial, industrial, other public authority and sales for resale customers.

Tapping (Connection) Fees

Size of Meter Connected

(I)	5/8-Inch	\$ 660.00
(I)	1-Inch	1,254.00
(R)	2-Inch	2,945.00
	Service larger than 2"	Actual Cost

For services greater than 2", a cost-adjustable deposit is required upon application. The tapping fee will be required upon application for all services installed on or after the effective date of this tariff, except in cases where a complete application for service (including plumbing inspection) is on file with the Company prior to the effective date of this tariff.

- (T) Indicates Text Change
- (I) Indicates Increase
- (R) Indicates Reduction

ISSUED:

EFFECTIVE: December 1, 2007

ISSUED BY: _____

2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. Ky No. 6
Twenty-First Revised Sheet No. 53
Canceling Twentieth Revised Sheet No. 53

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 4

Applicable
(T) Applicable to the entire Service Territory of Kentucky-American Water Company.

Availability of Service
Available for municipal or private fire connections used exclusively for fire protection purposes.

Rates For Public Fire Service

	<u>Rate Per Month</u>	<u>Rate Per Annum</u>
(I) For each public fire hydrant contracted for or ordered by Urban County, County, State or Federal Governmental Agencies or Institutions.	\$27.14	\$325.68

Rates For Private Service
For each private fire hydrant contracted for by Industries or Private Institutions

(I)	\$45.17	\$542.04
-----	---------	----------

(I) Indicates Increase
(T) Indicates Text Change

ISSUED:

EFFECTIVE: December 1, 2007

ISSUED BY: _____

2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. Ky No. 6
Second Revised Sheet No. 56
Canceling First Revised Sheet No. 56

RECONNECTION CHARGE

When it is necessary to discontinue water service to any premises because of a violation of the Company's Rules and Regulations on account of nonpayments of any bill for water service, a charge of (I) Twenty-six Dollars (\$26.00) will be made to cover the expense of turning on the water service.

(I) Indicates Increase

ISSUED:

EFFECTIVE: December 1, 2007

ISSUED BY: _____

2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. Ky No. 6
First Revised Sheet No. 58.1
Canceling Original Sheet No. 58.1

CUSTOMER SPECIFIC TARIFF CHARGES

Applicable

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

(D)

TAPPING FEES

Size of Meter Connected

(D)	5/8-Inch	\$ 530.00
(D)	1-Inch	945.00
(D)	2-Inch	4,250.00
(D)	Service larger than 2"	Actual Cost

(D) For services greater than 2", a cost-adjustable deposit is required upon application. The tapping fee will be required upon application for all services installed on or after the effective date of this tariff, except in cases where a complete application for service (including plumbing inspection) is on file with the Company prior to the effective date of this tariff.

Service Run \$23 ** (refer below)

Collection of Delinquent Bill \$23

(R) Reconnection Charge \$26

Deposit for New Service \$40

Returned Check Charge \$10

** This applies anytime the service men come to remove the meter for non-payment of the bill and the customer pays while they are there or tells them that they will come to the office to pay the bill.

(D) Indicates Discontinued
(R) Indicates Reduction

ISSUED:

EFFECTIVE: December 1, 2007

ISSUED BY: _____

2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. Ky No. 6
First Revised Sheet No. 58.2
Canceling Original Sheet No. 58.2

CUSTOMER SPECIFIC TARIFF CHARGES

Applicable

Applicable to customers in the Company's Northern Division formerly served by the Elk Lake Shores Subdivision.

SERVICE RUN

The cost of a service run shall be \$40.00. This applies anytime the service men come to remove the meter for non-payment of the bill and the customer pays while they are there or tells them that they will come to the office to pay the bill.

PENALTY CLAUSE

The rates, as listed, are net and all bills will be rendered in the net amount. A penalty of 10% shall be added to the bill if payment is not received by the 15th of the month. A penalty will be assessed only once on any bill for rendered service.

RETURNED CHECK FEE

Customer will be charged \$10.00 on any returned checks.

RECONNECTION CHARGE

- (R) A Reconnection Charge of \$26.00 shall be made by the Company to cover the cost incurred for reconnecting the meter or service when the customer's service has been disconnected at his request, or for any other reason, as set forth in these Regulations.

METER REMOVAL CHARGE

A Meter Removal Charge of \$56.00 shall be made when the customer's service has been disconnected at his request, or for any other reason, as set forth in these Regulations.

(R) Indicates Reduction

ISSUED:

EFFECTIVE: December 1, 2007

ISSUED BY: _____

2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. Ky No. 6
First Revised Sheet No. 58.3
Canceling Original Sheet No. 58.3

NEW ACCOUNT SET UP

ACTIVATION FEE

Applicable

Applicable to all customers who request a new account or a change in ownership of an existing account.

Availability of Service

Available for all customers.

Rate

- (I) An activation fee of Twenty-six (\$26.00) Dollars shall be charged to set up a new account or change an existing account. The activation fee covers the cost of meter reading and record change.

(I) Indicates Increase

ISSUED:

EFFECTIVE: December 1, 2007

ISSUED BY: _____

2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. Ky No. 6
First Revised Sheet No. 58.5
Canceling Original Sheet No. 58.5

CHARGES FOR METER INSTALLATIONS

Applicable

(D) Applicable to customers in the Company's Northern Division formerly served by the Elk Lake Shores Subdivision.

(D) The following prices as listed, includes the meter, meter vault, meter yoke where required, any necessary valve required, and the service line of the required size running to the customer's property line.

5/8" x 3/4" Meter Installation \$360.00

Large Meters Actual cost of installation

(D) Each customer must fill-out and sign the Meter Application furnished by Kentucky-American Water Company and pay the connection fee in advance. There are no exceptions to this requirement.

(D) Indicates Discontinued

ISSUED:

EFFECTIVE: December 1, 2007

ISSUED BY: _____

2300 Richmond Road, Lexington, KY 40502

KENTUCKY AMERICAN WATER COMPANY

Depreciation Rates Per KAWC's Updated Depreciation Study

<u>DEPRECIABLE GROUP</u>	<u>ACCRUAL RATE</u>
<u>STRUCTURES & IMPROVEMENTS</u>	
304.10 SOURCE OF SUPPLY	3.03
304.20 POWER & PUMPING STRUCTURES	1.94
304.30 WATER TREATMENT	1.91
304.40 TRANSMISSION & DISTRIBUTION	4.34
304.60 OFFICE BUILDINGS	2.01
304.70 STORE, SHOP & GARAGE STRUCTURES	2.33
304.80 MISCELLANEOUS STRUCTURES	4.19
305.00 COLLECTING AND IMPOUNDING RESERVOIRS	1.50
306.00 LAKE, RIVER AND OTHER INTAKES	2.29
309.00 SUPPLY MAINS	1.82
310.10 OTHER POWER GENERATION EQUIPMENT	3.16
<u>PUMPING EQUIPMENT</u>	
311.20 ELECTRIC	2.45
311.30 DIESEL	2.47
311.40 HYDRAULIC	2.31
320.10 PURIFICATION SYSTEM - EQUIPMENT	2.21
330.10 DISTRIBUTION RESERVOIRS AND STANDPIPES	2.25
331.00 MAINS & ACCESSORIES	1.66
333.00 SERVICES	3.24
<u>METERS</u>	
334.10 METERS	2.78
334.11 BRONZE CASE	2.86
334.12 PLASTIC CASE	2.87
334.13 OTHER	2.81
334.20 METER INSTALLATIONS	2.92
335.00 FIRE HYDRANTS	1.72
339.10 OTHER SOURCE OF SUPPLY PLANT	19.96
<u>OFFICE FURNITURE & EQUIPMENT</u>	
340.10 FURNITURE	7.48
340.21 MAINFRAME	8.04
340.22 PERSONAL COMPUTERS	9.52
340.23 PERIPHERAL-OTHER	17.49
340.30 COMPUTER SOFTWARE	6.87
340.32 COMPUTER SOFTWARE-PERSONAL	-
340.33 COMPUTER SOFTWARE-OTHER	18.00
340.50 OTHER	7.17

<u>TRANSPORTATION EQUIPMENT</u>		
341.10	LIGHT DUTY TRUCKS	7.22
341.20	HEAVY DUTY TRUCKS	6.48
341.30	AUTOS	10.90
341.40	OTHER	6.39
342.00	STORES EQUIPMENT	5.18
343.00	TOOLS, SHOP AND GARAGE EQUIPMENT	5.67
344.00	LABORATORY EQUIPMENT	7.10
345.00	POWER OPERATED EQUIPMENT	4.45
346.10	COMMUNICATION EQUIPMENT - NON-TELEPHONE	6.12
347.00	MISCELLANEOUS EQUIPMENT	5.23
348.00	OTHER TANGIBLE PROPERTY	5.55
	Composite Depreciation Rate	2.39

* The accrual rate for new additions in Account 340.32 will be 20%

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2007-00143
REVENUES AT PRESENT AND PROPOSED RATES
TWELVE MONTHS ENDED NOVEMBER 30, 2008

Line No.	Rate Classification (A)	Sales (B)	Revenues at Present Rates (C)	Revenues at Proposed Rates (D)	Revenue Change (Amt) (E)	% of Revenues Change (F)
1						
2						
3						
4						
5						
6						
7	Residential	8,540,385	\$26,854,095	\$30,588,327	\$3,734,232	13.906%
8	Commercial	5,989,505	12,739,187	15,334,100	2,594,913	20.370%
9	Industrial	1,059,832	1,522,907	1,879,127	356,220	23.391%
10	Other Public Authority	2,029,386	3,781,085	4,525,838	744,753	19.697%
11	Sales for Resale	603,242	1,018,444	1,256,815	238,371	23.405%
12	Miscellaneous	0	0	0	0	0.000%
13	Private Fire Service	0	1,065,763	1,230,214	164,451	15.430%
14	Public Fire Service	0	2,261,424	2,354,015	92,591	4.094%
15						
16						
17	Total	18,232,350	\$49,242,905	\$57,168,436	\$7,925,531	16.095%
18	Proforma Other Operating Revenues					
19	Other Revenue-Rents Water Property		\$86,345	\$86,345	0	0.000%
20	Other Revenue - Collections for Others		903,528	903,528	0	0.000%
21	Other Revenues - NSF Checks		21,588	21,588	0	0.000%
22	Oth Rev-App/Initiate Serv Fee		667,152	723,422	56,270	7.804%
23	Reconnection Fee		223,582	241,540	17,958	8.032%
24						
25	AFDUC		1,858,197	1,858,197	0	0.000%
26						
27	Proforma Total Operating Revenues		\$53,003,297	\$61,003,056	\$7,999,759	15.090%
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