

**KENTUCKY-AMERICAN WATER COMPANY**

Company Proposed Allocation of its  
Requested Increase in Rate Revenue  
(Test Year Ending July 31, 2014)

<u>Line</u>	<u>Classification</u>	<u>Present Revenue</u>	<u>Proposed Revenue</u>	<u>Proposed Increase</u>		
				<u>Amount</u>	<u>Percent</u>	<u>Relative</u>
		1	2	3 = 2 - 1	4	5
1	Residential	\$44,433,532	\$52,378,073	\$7,944,541	17.9%	122%
2	Commercial	\$21,432,165	\$23,347,210	\$1,915,045	8.9%	61%
3	Industrial	\$2,147,438	\$2,573,282	\$425,844	19.8%	136%
4	Public	\$6,325,482	\$7,074,356	\$748,874	11.8%	81%
5	Resale	\$1,829,521	\$1,875,317	\$45,796	2.5%	17%
6	Private Fire	\$2,319,440	\$2,551,347	\$231,907	10.0%	68%
7	Public Fire	<u>\$3,344,560</u>	<u>\$4,003,927</u>	<u>\$659,367</u>	19.7%	135%
8	Total Sales	\$81,832,138	\$93,803,512	\$11,971,374	14.6%	100%
9	Other Revenues	<u>\$2,325,695</u>	<u>\$2,671,844</u>	<u>\$346,149</u>	14.9%	
10	Total Company	<u>\$84,157,833</u>	<u>\$96,475,356</u>	<u>\$12,317,523</u>	14.6%	

Source: Exhibit 36,  
Schedule A

**KENTUCKY-AMERICAN WATER COMPANY**

Class Revenue Subsidies at  
Present and Company Proposed Rates  
(Test Year Ending July 31, 2014)

<u>Line</u>	<u>Classification</u>	<u>Present Subsidy</u>	<u>Proposed Subsidy</u>
		1	2
1	Residential	(\$2,409,787)	(\$738,613)
2	Commercial	\$1,614,695	\$421,660
3	Industrial	(\$119,122)	(\$59,218)
4	Public	\$221,060	(\$1,345)
5	Resale	\$291,725	\$94,386
6	Private Fire	\$484,291	\$365,768
7	Public Fire	<u>(\$87,244)</u>	<u>(\$82,818)</u>
8	Total Sales	(\$4,382)	(\$179)

Source: Sch. BK-2, pg. 2, col. 3      Sch. BK-2, pg. 2, col. 6

Note: A positive subsidy figure indicates that a class is providing a subsidy; a negative figure indicates that it is receiving a subsidy.

**KENTUCKY-AMERICAN WATER COMPANY**

Calculation of Class Revenue Subsidies  
at Present and Company Proposed Rates  
(Test Year Ending July 31, 2014)

<u>Line Classification</u>	<u>Present Rate Revenue</u> (1)	<u>Cost of Service at Present Rates</u> (2)	<u>Subsidies at Present Rates</u> (3) = (1) - (2)	<u>Proposed Rate Revenue</u> (4)	<u>Cost of Service at Proposed Rates</u> (5)	<u>Subsidies at Proposed Rates</u> (6) = (4) - (5)
1 Residential	\$44,433,532	\$46,843,319	(\$2,409,787)	\$52,378,073	\$53,116,686	(\$738,613)
2 Commercial	\$21,432,165	\$19,817,469	\$1,614,695	\$23,347,210	\$22,925,549	\$421,660
3 Industrial	\$2,147,438	\$2,266,560	(\$119,122)	\$2,573,282	\$2,632,500	(\$59,218)
4 Public	\$6,325,482	\$6,104,422	\$221,060	\$7,074,356	\$7,075,701	(\$1,345)
5 Resale	\$1,829,521	\$1,537,796	\$291,725	\$1,875,317	\$1,780,931	\$94,386
6 Private Fire	\$2,319,440	\$1,835,149	\$484,291	\$2,551,347	\$2,185,579	\$365,768
7 Public Fire	<del>\$3,344,560</del>	<del>\$3,431,804</del>	<del>(\$87,244)</del>	<del>\$4,003,927</del>	<del>\$4,086,745</del>	<del>(\$82,818)</del>
8 Total Sales	\$ 81,832,138	\$ 81,836,519	(\$4,382)	\$ 93,803,512	\$93,803,691	(\$179)

Source: Exhibit 36,  
Schedule A

Rerun of  
Exh. 36 at  
Present Rates

Exhibit 36,  
Schedule A

Exhibit 36,  
Schedule A

**KENTUCKY-AMERICAN WATER COMPANY**

AG / LFUCG Recommended Revenue Allocation  
 Requested Increase in Rate Revenue  
(Test Year Ending July 31, 2014)

Line	Classification	Present Revenue 1	Recommended Revenue 2	Recommended Increase		
				Amount 3 = 2 - 1	Percent 4	Relative 5
1	Residential	\$45,134,298	\$46,538,261	\$1,403,963	3.1%	122%
2	Commercial	\$22,033,073	\$22,374,625	\$341,552	1.6%	61%
3	Industrial	\$2,440,753	\$2,524,938	\$84,185	3.4%	136%
4	Public	\$6,813,404	\$6,953,724	\$140,320	2.1%	81%
5	Resale	\$1,977,521	\$1,990,531	\$13,010	0.7%	26%
6	Private Fire	\$2,319,440	\$2,359,812	\$40,372	1.7%	68%
7	Public Fire	<u>\$3,365,902</u>	<u>\$3,481,538</u>	<u>\$115,636</u>	3.4%	135%
8	Total Sales	\$84,084,391	\$86,223,429	\$2,139,038	2.5%	100%
9	Other Revenues	<u>\$2,325,695</u>	<u>\$2,671,844</u>	<u>\$346,149</u>	14.9%	
10	Total Company	<u>\$86,410,086</u>	<u>\$88,895,273</u>	<u>\$2,485,187</u>	2.9%	
			Target	\$2,485,180		
			Rounding	\$7		

Source: Sch. BK-4

**KENTUCKY-AMERICAN WATER COMPANY**

AG / LFUCG Recommended Rates and Proof of Revenue

**Residential**

Meter Size	Test Year at Present Rates			Test Year at Recommended Rates		
	Adj. Billings	Rate	Revenue	Rate	Revenue	Revenue
5/8 "	1,320,569	\$ 8.90	\$ 11,753,067	9.85	\$ 13,007,608	
3/4 "	12	13.35	160	14.78	177	
1 "	21,816	22.25	485,406	24.63	537,328	
1 1/2 "	168	44.50	7,476	49.25	8,274	
2 "	924	71.20	65,789	78.80	72,811	
3 "	0	133.50	-	147.75	-	
4 "	0	222.50	-	246.25	-	
6 "	24	445.00	10,680	492.50	11,820	
8 "	0	712.00	-	788.00	-	
<b>Meter</b>	<b>1,343,513</b>		<b>\$ 12,322,578</b>		<b>\$ 13,638,018</b>	
<b>Usage</b>	<b>Sales</b>	<b>Rate</b>	<b>Revenue</b>	<b>Rate</b>	<b>Revenue</b>	<b>Revenue</b>
Block 1	6,190,423	\$ 5.3004	\$ 32,811,720	5.3147	\$ 32,900,243	
Usage	6,190,423		\$ 32,811,720		\$ 32,900,243	
<b>Total Revenue</b>			<b>\$ 45,134,298</b>		<b>\$ 46,538,261</b>	

**KENTUCKY-AMERICAN WATER COMPANY**

AG / LFUCG Recommended Rates and Proof of Revenue

**Commercial**

Meter Size	Test Year at Present Rates			Test Year at Recommended Rates		
	Adj. Billings	Rate	Revenue	Rate	Revenue	Revenue
5/8 "	54,431	\$ 8.90	\$ 484,433	\$ 9.85	\$ 536,142	\$ 536,142
3/4 "	0	13.35	-	14.78	-	-
1 "	28,080	22.25	624,780	24.63	691,610	691,610
1 1/2 "	2,069	44.50	92,057	49.25	101,884	101,884
2 "	21,804	71.20	1,552,445	78.80	1,718,155	1,718,155
3 "	156	133.50	20,873	147.75	23,101	23,101
4 "	337	222.50	74,930	246.25	82,928	82,928
6 "	144	445.00	64,226	492.50	71,082	71,082
8 "	132	712.00	94,198	788.00	104,253	104,253
<b>Meter Revenue</b>	<b>107,153</b>		<b>\$ 3,007,942</b>		<b>\$ 3,329,155</b>	
<b>Usage</b>						
Block 1	Sales 3,931,401	Rate 4.8280	Revenue \$ 18,980,805	Rate 4.8301	Revenue \$ 18,989,060	Revenue \$ 18,989,060
<b>Usage Revenue</b>	<b>3,931,401</b>		<b>\$ 18,980,805</b>		<b>\$ 18,989,060</b>	
<b>Tapping Fees</b>			<b>\$ 44,326</b>		<b>\$ 56,410</b>	
<b>Total Revenue</b>			<b>\$ 22,033,073</b>		<b>\$ 22,374,625</b>	

**KENTUCKY-AMERICAN WATER COMPANY**

**AG / LFUCG Recommended Rates and Proof of Revenue**

		<b>Industrial</b>		
<b>Meter Size</b>	<b>Test Year at Present Rates</b>		<b>Test Year at Recommended Rates</b>	
	<b>Adj. Billings</b>	<b>Rate</b>	<b>Revenue</b>	<b>Rate</b>
5/8 "	84	\$ 8.90	\$ 748	\$ 9.85
3/4 "	12	13.35	160	14.78
1 "	24	22.25	534	24.63
1 1/2 "	24	44.50	1,068	49.25
2 "	276	71.20	19,651	78.80
3 "	0	133.50	-	147.75
4 "	132	222.50	29,370	246.25
6 "	96	445.00	42,720	492.50
8 "	0	712.00	-	788.00
<b>Meter Revenue</b>	<b>648</b>		<b>\$ 94,251</b>	<b>\$ 104,311</b>
<b>Usage</b>	<b>Sales</b>	<b>Rate</b>	<b>Revenue</b>	<b>Rate</b>
Block 1	602,491	\$ 3.8947	\$ 2,346,502	\$ 4.0177
<b>Usage Revenue</b>	<b>602,491</b>		<b>\$ 2,346,502</b>	<b>\$ 2,420,627</b>
<b>Total Revenue</b>			<b>\$ 2,440,753</b>	<b>\$ 2,524,938</b>

**KENTUCKY-AMERICAN WATER COMPANY**

AG / LFUCG Recommended Rates and Proof of Revenue

		Other Public Authority			
Meter Size	Test Year at Present Rates		Test Year at Recommended Rates		
	Adj. Billings	Rate	Revenue	Rate	Revenue
5/8 "	1,668	\$ 8.90	\$ 14,845	9.85	\$ 16,430
3/4 "	0	13.35	-	14.78	-
1 "	2,076	22.25	46,191	24.63	51,132
1 1/2 "	336	44.50	14,952	49.25	16,548
2 "	4,452	71.20	316,982	78.80	350,818
3 "	12	133.50	1,602	147.75	1,773
4 "	492	222.50	109,470	246.25	121,155
6 "	132	445.00	58,740	492.50	65,010
8 "	24	712.00	17,088	788.00	18,912
<b>Meter Revenue</b>	<b>9,192</b>		<b>\$ 579,870</b>		<b>\$ 641,778</b>
<b>Usage</b>					
Block 1	Sales 1,468,372	Rate \$ 4.2452	Revenue \$ 6,233,534	Rate \$ 4.2986	Revenue \$ 6,311,946
<b>Usage Revenue</b>	<b>1,468,372</b>		<b>\$ 6,233,534</b>		<b>\$ 6,311,946</b>
<b>Total Revenue</b>			<b>\$ 6,813,404</b>		<b>\$ 6,953,724</b>



**KENTUCKY-AMERICAN WATER COMPANY**

AG / LFUCG Recommended Rates and Proof of Revenue

		<b>Sale for Resale</b>			
Meter Size	Test Year at Present Rates		Test Year at Recommended Rates		
	Adj. Billings	Rate	Rate	Revenue	
5/8 "	0	\$ 8.90	9.85	\$ -	
3/4 "	0	13.35	14.78	-	
1 "	0	22.25	24.63	-	
1 1/2 "	47	44.50	49.25	2,303	
2 "	99	71.20	78.80	7,771	
3 "	0	133.50	147.75	-	
4 "	83	222.50	246.25	20,335	
6 "	58	445.00	492.50	28,810	
8 "	0	712.00	788.00	-	
<b>Meter Revenue</b>	<b>286</b>			<b>\$ 59,219</b>	
<b>Usage</b>					
Block 1	<b>Sales</b>	<b>Rate</b>	<b>Rate</b>	<b>Revenue</b>	
	457,083	\$ 4.2093	\$ 4.2253	\$ 1,931,312	
<b>Usage Revenue</b>	<b>457,083</b>			<b>\$ 1,931,312</b>	
<b>Total Revenue</b>				<b>\$ 1,990,531</b>	

**KENTUCKY-AMERICAN WATER COMPANY**

AG / LFUCG Recommended Rates and Proof of Revenue

<b>Fire Protection</b>					
Fire	Test Year at Present Rates		Test Year at Recommended Rates		Revenue
	Adj. Billings	Rate	Rate	Revenue	
<b>Private Fire Service:</b>					
Hydrant	13,042	\$ 72.52	\$	\$	962,209
2"	771	8.11		8.25	6,359
4"	4,679	32.63		33.20	155,338
6"	10,339	73.40		74.68	772,141
8"	3,191	130.49		132.76	423,677
10"	95	203.94		207.49	19,769
12"	48	293.75		298.86	14,238
14"	2	399.89		406.85	808
16"	10	522.19		531.28	5,273
<b>Total</b>					<b>\$ 2,359,812</b>
<b>Public Fire Protection:</b>					
Public Fire Hydrants	88,951	\$ 37.84	\$	\$ 39.14	3,481,538
<b>Total</b>					<b>\$ 3,481,538</b>
<b>Total Revenue</b>					<b>\$ 5,841,350</b>

**KENTUCKY-AMERICAN WATER COMPANY****Summary of Recommended GMS Tariff Charges**

	Present Rates	Recommended Rates	Recommended Increase	
			Amount	Percent
	(1)	(2)	(3)	(4)
<b>Monthly Service Charge</b>				
5/8"	\$8.90	\$9.85	\$0.95	10.67%
3/4"	\$13.35	\$14.78	\$1.43	10.71%
1"	\$22.25	\$24.63	\$2.38	10.70%
1 1/2"	\$44.50	\$49.25	\$4.75	10.67%
2"	\$71.20	\$78.80	\$7.60	10.67%
3"	\$133.50	\$147.75	\$14.25	10.67%
4"	\$222.50	\$246.25	\$23.75	10.67%
6"	\$445.00	\$492.50	\$47.50	10.67%
8"	\$712.00	\$788.00	\$76.00	10.67%
<b>Consumption Charges Per 1000 Gallons</b>				
Residential	\$5.3004	\$5.3147	\$0.0143	0.27%
Commercial	\$4.8280	\$4.8301	\$0.0021	0.04%
Industrial	\$3.8947	\$4.0177	\$0.1230	3.16%
Public	\$4.2452	\$4.2986	\$0.0534	1.26%
Resale	\$4.2093	\$4.2253	\$0.0160	0.38%