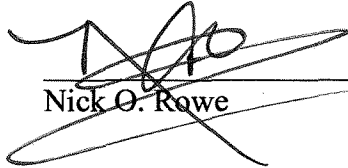
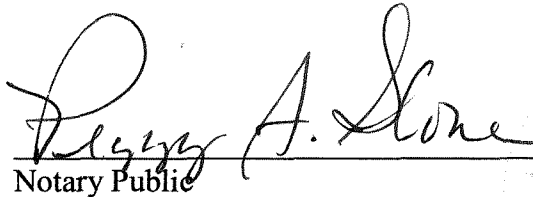


**KENTUCKY PUBLIC SERVICE COMMISSION
KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418**

Comes Nick O. Rowe, President of Kentucky-American Water Company and chief officer in charge of Kentucky operations, and as required by 807 KAR 5:001, Section 17(3)(a), verifies that the enclosed notice of the filing of Kentucky-American Water Company's rate case, Case No. 2015-00418, was mailed to all customers on January 29, 2016, which was the date the Application was filed with the Commission.


Nick O. Rowe
Date 2-17-16

Subscribed and sworn to before me, a Notary Public in and before said County and State,
this 17th day of February, 2016.


Peggy A. Stone (SEAL)
Notary Public

My Commission Expires:

10/3/2016

NOTICE

Kentucky-American Water Company ("Kentucky American Water") expects to file on January 29, 2016 an application with the Kentucky Public Service Commission to increase the water service revenues by approximately 15.2%. The proposed annual revenue increases by customer classification are: Residential - \$8,324,451 (17.5%); Commercial - \$2,756,667 (13.0%); Industrial - \$557,063 (21.9%); Other Public Authority - \$1,047,117 (17.7%); Sales for Resale - \$111,947 (6.3%); Private Fire Service and Hydrants - \$80,739 (3.0%); Public Fire Hydrants - \$575,462 (15.4%). The proposed effective date of the rates is for service rendered on and after February 28, 2016. Kentucky American Water has requested the proposed rates be implemented to all customer classifications as shown below:

Proposed Rate Increase (Effective for service rendered on and after February 28, 2016):

Monthly Service Charge by Meter Size

(applicable to all

<u>customer classifications)</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>\$ Change</u>	<u>% Change</u>
5/8"	\$12.49	\$14.85	\$2.36	19% Increase
3/4"	18.74	22.30	3.56	19% Increase
1"	31.23	37.10	5.87	19% Increase
1-1/2"	62.45	74.30	11.85	19% Increase
2"	99.92	118.80	18.88	19% Increase
3"	187.35	222.80	35.45	19% Increase
4"	312.25	371.30	59.05	19% Increase
6"	624.50	742.50	118.00	19% Increase
8"	999.20	1,188.00	188.80	19% Increase

Consumption Charges:

	<u>Current Rate</u>		<u>Proposed Rate</u>		<u>\$ Change</u>		<u>% Change</u>
	<u>Per 1000 Gallons</u>	<u>Per 100 Gallons</u>	<u>Per 1000 Gallons</u>	<u>Per 100 Gallons</u>	<u>Per 1000 Gallons</u>	<u>Per 100 Gallons</u>	
Residential	\$5.30040	\$0.5300	\$6.1820	\$0.6182	\$0.88	\$0.088	17% Increase
Commercial	4.82800	0.4828	5.3840	0.5384	0.56	0.056	12% Increase
Industrial	3.89470	0.3895	4.7550	0.4755	0.86	0.086	22% Increase
Other Public Authority	4.24520	0.4245	4.9900	0.4990	0.74	0.0745	18% Increase
Sales for Resale	4.20930	0.4209	4.4510	0.4451	0.24	0.024	6% Increase

Fire Protection:

<u>Private Fire Line Size</u>	<u>Current Rate Per Month</u>	<u>Proposed Rate Per Month</u>	<u>\$ Change</u>	<u>% Change</u>
2"	\$8.92	\$9.37	\$0.45	5% Increase
4"	35.90	37.70	1.80	5% Increase
6"	80.74	84.78	4.04	5% Increase
8"	143.54	150.72	7.18	5% Increase
10"	224.34	235.56	11.22	5% Increase
12"	323.50	339.68	16.18	5% Increase
14"	439.89	461.88	21.99	5% Increase
16"	574.42	603.14	28.72	5% Increase
Private Fire Hydrant	79.77	79.77	0.00	0% Increase
Public Fire Hydrant	41.60	48.00	6.40	15% Increase

Average Monthly Bills:

	<u>Average Monthly Usage</u>	<u>Current Average Bill</u>	<u>Proposed Average Bill</u>	<u>\$ Change</u>	<u>% Change</u>
Residential	4,130 gallons	\$34.38	\$40.38	\$6.00	17% Increase
Commercial	34,593 gallons	\$179.51	\$201.10	\$21.59	12% Increase

	<u>Average Monthly Usage</u>	<u>Current Average Bill</u>	<u>Proposed Average Bill</u>	<u>\$ Change</u>	<u>% Change</u>
Industrial	1,981,715 gallons	\$7,818.05	\$9,541.85	\$1,723.80	22% Increase
Other Public Authority	195,885 gallons	\$931.49	\$1,096.27	\$164.78	18% Increase
Sales for Resale	2,402,950 gallons	\$10,214.66	\$10,814.33	\$599.67	6% Increase
Private Fire Hydrant	N/A	\$79.77	\$79.77	\$0.00	0% Increase
Public Fire Hydrant	N/A	\$41.60	\$48.00	\$6.40	15% Increase
Private Fire Line	N/A	\$78.66	\$82.59	\$3.94	5% Increase

Tap Fees:

Meter Size

(applicable to all

customer classifications)

Current Rate

Proposed Rate

\$ Change

% Change

5/8"

\$1,078.00

\$1,280.00

\$202.00

19% Increase

1"

1,576.00

2,201.00

625.00

39% Increase

2"

3,563.00

4,238.00

675.00

19% Increase

Kentucky American Water has also proposed additions to its tariff to include a Qualified Infrastructure Program surcharge that would be applied to Residential, Commercial, Industrial, Other Public Authority, Sales for Resale, and Private Fire Service classifications for infrastructure replacement investments. This surcharge would be calculated annually based on actual replacement costs, and applied to each customer's monthly bill. The surcharge would then be updated annually until the next rate case, at which time the investment costs would be incorporated into rates and the surcharge reset at zero.

Kentucky American Water has also proposed revisions to eliminate portions of its tariff that were charges and terms for former Tri-Village Water District and Elk Lake Shores Subdivision customers. These charges and terms have not been utilized in recent years because all customers are subject to the charges and terms applicable to all water customers as set forth in the tariff.

This application may be examined at the offices of Kentucky American Water located at 2300 Richmond Road in Lexington, Kentucky.

This application may also be examined at the offices of the Public Service Commission located at 211 Sower Boulevard in Frankfort, Kentucky, Monday – Friday from 8:00 am – 4:30 pm or on the Commission's website at <http://psc.ky.gov>.

Comments regarding this application may be submitted by mail to the Public Service Commission, Post Office Box 615, Frankfort KY 40602; or through its website at <http://psc.ky.gov>.

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

Any person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, which establishes the grounds for the request including the status and interest of the party.

If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the providing of this notice, the Public Service Commission may take final action on the application.