

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

In the Matter of:

**AN INVESTIGATION OF THE IMPACT)
OF THE TAX CUTS AND JOB ACT ON THE RATES)
OF ATMOS ENERGY CORPORATION, DELTA)
NATURAL GAS COMPANY, INC., COLUMBIA GAS)
OF KENTUCKY, INC., KENTUCKY-AMERICAN)
WATER COMPANY, AND WATER SERVICE)
CORPORATION OF KENTUCKY)**

CASE NO. 2017-00481

DIRECT TESTIMONY OF JOHN R. WILDE

January 26, 2018

1 **Q. Please state your name and business address.**

2 A. My name is John R. Wilde. My business address is 131 Woodcrest Road, Cherry Hill,
3 NJ 08003.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by American Water Works Service Company, Inc. (“Service Company”)
6 as Senior Director - Tax. The Service Company is a subsidiary of American Water Works
7 Company, Inc. (“American Water”) that provides services to American Water’s
8 subsidiaries, including Kentucky-American Water Company (“KAWC” or “Company”).
9 My duties include management and oversight of the corporate tax function for American
10 Water and its subsidiaries including KAWC.

11 **Q. Please outline your educational background and business experience.**

12 A. I graduated from Saint Norbert College, De Pere, Wisconsin in 1984 with a Bachelor of
13 Business Administration Degree in Accounting. I have a graduate certificate in state and
14 local taxation, as well as a Master of Science Degree in Taxation from the University of
15 Wisconsin-Milwaukee. I have over 30 years of experience as a tax and accounting
16 professional serving utilities with regulated operations in multiple states. Before coming
17 to American Water, I spent fifteen years as the head of tax for a corporate group (WEC
18 Energy Group, Inc., formerly Integrys Energy Group, Inc.) that had six utilities with
19 operations in four states.

20 **Q. Have you previously testified before this Commission or any other regulatory
21 agencies?**

22 A. Yes. I provided rebuttal testimony in KAWC’s last general rate case before this
23 Commission (Case No. 2015-00418). I have also testified before the Federal Energy

1 Regulatory Commission, the Public Service Commission of Wisconsin, the Michigan
2 Public Service Commission, the Virginia State Corporation Commission, the Illinois
3 Commerce Commission, and the Minnesota Public Utilities Commission, Virginia State
4 Corporation Commission, Missouri Public Service Commission, and the Pennsylvania
5 Public Utility Commission.

6 **Q. What is the purpose of your direct testimony in this proceeding?**

7 A. The purpose of my direct testimony in this proceeding is to address the impact of the Tax
8 Cuts and Jobs Act (“TCJA”) on KAWC. Specifically, in accordance with the
9 Commission’s December 27, 2017 Order in this matter, my testimony will: (1) estimate
10 and explain the overall impact of the TCJA on KAWC’s financial operations utilizing a
11 historical 12-month period; (2) explain KAWC’s recording of deferred liabilities on its
12 books to reflect the reduction in the federal corporate tax rate from 35 percent to 21
13 percent; (3) describe the sample accounting entries necessary to reflect the required
14 financial accounting remeasurement of Accumulated Deferred Income Taxes (“ADIT”)
15 and the offsetting deferred regulatory liabilities as of the enactment date of the TCJA; and
16 (4) provide and explain a schedule of estimated rates that would reflect the overall impact
17 of the TCJA.

18 **Q. Please generally describe some of the effects of the TCJA on KAWC’s financial**
19 **operations.**

20 A. The TCJA contains many provisions that substantially modify the Internal Revenue
21 Code, and full quantification of its impacts will take some time. The most obvious impact
22 of the TCJA is the reduction to KAWC’s annual federal tax expense beginning in 2018
23 resulting from the corporate tax rate cut. The TCJA also impacts KAWC’s Accumulated

1 Deferred Income Taxes (“ADIT”) balances from a financial accounting perspective as of
2 the enactment date. For over the last thirty years, KAWC has accrued deferred tax
3 expense and carried ADIT balances based on the 35 percent federal tax rate.

4 With the TCJA’s reduction to that rate, KAWC’s ADIT balance as of the
5 enactment date of the legislation needs to be remeasured for financial accounting
6 purposes using the now federally enacted rate of 21%. The result is net excess ADIT
7 position, meaning a net ADIT balance that overstates the taxes that will be payable in the
8 future, as compared to what had been accrued for in prior period. KAWC’s ADIT
9 balance includes both deferred tax assets (“DTAs”), and deferred tax liabilities (“DTLs”)
10 requiring remeasurement on the enactment date. For KAWC, it is anticipated that the net
11 of those DTAs and DTLs is an ADIT liability balance and the remeasurement results in a
12 net excess deferred tax liability being identified. In its December 27, 2017 Order
13 establishing this case, the Commission recognized the possibility of excess deferred taxes
14 and directed KAWC to begin recording a regulatory liability for net excess deferred
15 taxes.

16 **Q. Is it possible to calculate the exact amount of tax savings that will result from the**
17 **TCJA at this time?**

18 A. No, it is not. The Commission recognized that in its December 27, 2017 Order when it
19 stated, “while the exact amount of tax savings and resulting rate reductions cannot be
20 determined with precision at this time, each of the Defendants should use its best estimate
21 to determine the amount to be recorded as a deferred liability, subject to review and
22 adjustment as part of this case.”¹ The exact amount of the TCJA’s impact on KAWC’s
23 ADIT has not been quantified yet. As utilities and accounting professionals work

¹ See the Commission’s December 27, 2017 Order, p. 2.

1 through the impact of TCJA, some tax changes may not be fully recognized for months or
2 even years. The reason is that accounting and tax guidance is still being developed that
3 will clarify how various provisions of the new law should be treated, and the December
4 31, 2017 estimates are modified as the Company files its 2017 tax returns and undergoes
5 audits of tax returns for years prior to 2018.

6 **Q. Please describe some of the reasons why KAWC cannot calculate the exact amount**
7 **of the TCJA's impact on KAWC's ADIT at this time.**

8 A. The calculation of the effect on ADIT balances that need to be normalized into future
9 rates and implementing a method to normalize the resulting excess is a complex and
10 involved process. It is also a process that takes significant time, requires great care, and
11 will likely go through several subsequent refinements before being considered a
12 reasonably reliable estimate. KAWC will estimate the impact of the remeasurement of
13 ADIT balances in its 2017 financial statements to be finalized later in February, and will
14 need to revise those estimates over the next years as more information becomes available
15 and in preparing 2017 and resolving prior tax returns. From an accounting and tax
16 perspective, KAWC will not be required to estimate any amount for the normalization of
17 excess ADIT balances in its 2017 financial statements, as the normalization period would
18 begin in 2018 pursuant to the tax normalization rules.

19 **Q. Besides the impact on KAWC's annual tax expense and KAWC's ADIT, are there**
20 **other, less obvious, impacts of the TCJA on KAWC? If so, please explain.**

21 A. Yes, there are. While the most obvious impact of the TCJA is a reduction in the federal
22 tax rate, other ramifications of the TCJA are still being analyzed. For example, utilities
23 will not be able to claim bonus depreciation on property placed in service after September

1 27, 2017 unless construction had begun before that date, or the property was acquired
2 pursuant to a contract in place prior to that date. If construction began prior to September
3 27, 2017 or the property was acquired subject to a binding written contract entered into
4 prior to that date, KAWC might be eligible for 50% bonus depreciation on those property
5 additions. More clarity is needed regarding the transitional rules in the bonus
6 depreciation provisions of the TCJA.

7 Contributions in Aid of Construction (“CIAC”) and Customer Advances for
8 Construction (“CAC”) will be 100% taxable to the Company for contributions received
9 by outside parties to construct utility plant. In the past, water utilities were exempt from
10 taxation for revenues received for main extensions. Provisions of the TCJA will likely
11 result in the loss of deduction for some employee fringe benefits incurred in the context
12 of KAWC’s regulated operations, such as some meals and potentially other benefits
13 provided to employees that were previously deductible.

14 **Q. Does KAWC believe that its customers should realize the benefits created by the**
15 **TCJA?**

16 A. Yes. As a general matter, both the current and deferred effects resulting from reduction
17 in the federal corporate tax rate from 35 percent to 21 percent will reduce KAWC’s
18 federal tax expense. Given that federal tax expense is part of KAWC’s current rates,
19 KAWC believes that its customers should realize the benefits of the reduced tax rate on
20 test year operations, and should realize the benefits of the reduced tax rate on prior
21 operations where applicable through established tax and regulatory normalization
22 provisions.

23 **Q. How does KAWC propose to provide the benefits of the TCJA to its customers?**

1 A. The benefits can be provided through a rate reduction, a tax adjustment rider applied to
2 customer bills, amortization of a regulatory liability, or a combination of these pursuant
3 to Commission approval. Of course, moving methodically and deliberately will ensure
4 that that any Commission approval will avoid the potential of retroactive ratemaking.

5 KAWC proposes to address the tax change with three components. First, the tax
6 expense change for customers based on the reduction of the federal corporate tax rate
7 from 35% to 21% should be made through a simple rate reduction. This would be
8 effective based on the date of the Order from this Commission authorizing the change.
9 KAWC has utilized authorized revenues from the last rate case by customer class and
10 prorated the rates for the amount that will generate the tax expense change.

11 Second, KAWC proposes to establish a regulatory liability once the
12 remeasurement of the ADIT is completed and notify the Commission of the initial
13 amount of the regulatory liability established. Any changes to the amount of the
14 regulatory liability would be routinely provided to the Commission. The regulatory
15 liability would be addressed in KAWC's next rate case to ensure that customers pay the
16 correct amount of the rate effect of this change when it is known with greater precision.

17 Third, KAWC is proposing to establish an additional regulatory liability to return
18 to customers the benefits of the reduction in federal corporate income tax rate from
19 January 1, 2018 to the effective date of the rate reduction proposed above. This would
20 cover the "stub" period and would allow for customers to realize the tax expense changes
21 and would include any other tax changes that may be determined over the course of 2018.
22 This deferred liability would then also be addressed in the next rate case.

1 **Q. Why is KAWC proposing a rate reduction rather than a tax adjustment rider for**
2 **the tax expense change for customers?**

3 A. KAWC has proposed a rate reduction because it is the most direct and efficient way to
4 immediately pass the benefits along to customers. KAWC could create a tax adjustment
5 rider that would become a separate line item on the customer bill to single out the
6 savings, however, this would require a programming change in billing software that
7 would take 60-90 days to create and implement.

8 **Q. Despite the inability to calculate with precision the overall impact of the TCJA on**
9 **KAWC's financial operations, has KAWC attempted to do so?**

10 A. Yes, in accordance with the Commission's directive, KAWC has made those calculations
11 for water rates based on the 12-month period ending August 31, 2017. KAWC chose that
12 particular 12-month period because it is the same test period upon which KAWC's
13 current rates were set in its most recent general base rate case (Case No. 2015-00418).
14 Additionally, in performing the calculations, KAWC has achieved efficiencies by being
15 able to utilize the schedules and information compiled in that rate case. For sewer rates,
16 KAWC has made the calculations based on the 12-month period ending December 31,
17 2013 which was the base period for sewer customers in Case No. 2014-00390, with the
18 authorized revenue increases.

19 **Q. Has KAWC used the actual results seen in those 12-month periods or has it used the**
20 **results that were forecasted for that period when it filed its last general base rate**
21 **case?**

22 A. KAWC has used the forecasted amount of water revenue and expenses from Case No.
23 2015-00418, while it has used the historical amount of sewer revenue and expenses from

1 Case No. 2014-00390. KAWC used the revenue requirements and underlying proposed
2 federal income tax (“FIT”) expense from the filed schedules in both cases to calculate
3 FIT as a percentage of revenue requirement. KAWC then utilized the authorized amount
4 of revenues for the period and calculated the authorized FIT as the same percentage of
5 those revenues. The FIT from the authorized revenue requirement was then reduced to
6 reflect the reduction of the FIT rate from 35% to 21%.

7 By using the test period and pro-rating the federal income tax for both sewer and
8 water, KAWC is able to match the current rates established with the proposed rate
9 change. This also provides significant efficiency in developing the calculations.

10 **Q. Please describe the calculations KAWC has made.**

11 A. Once KAWC determined the tax savings for water, it used the authorized revenues that
12 were utilized to determine the rates by customer class. KAWC did not apply the rate
13 reduction to Other Operating Water Revenues. KAWC determined the proportional
14 amount of savings for each customer class and then calculated the rate, per thousand
15 gallons, that would produce the previously authorized revenues minus the tax savings.
16 For water, the overall percentage reduction is 5.70%, or a total of \$5,404,718.

17 For sewer customers, KAWC calculated the percentage reduction of the
18 authorized revenues, which was 2.92% or a total of \$14,160. KAWC then calculated
19 potential rates for Rockwell Village, Owenton and Ridgewood sewer customers which
20 are a reduction of the currently authorized rates of 2.92%. KAWC has not included a
21 reduction in Millersburg sewer rates, as KAWC adopted the City of Millersburg sewer
22 rates in 2014, which did not include income taxes at that time.

23 **Q. Describe how the calculated amounts will be provided to customers.**

1 A. As shown in Exhibit A, the total estimated straight tax expense savings for 2018 is
2 \$5,418,878. KAWC proposes to pass this savings directly to customers via a reduction in
3 rates, to be effective at a date ordered by the Commission. KAWC believes that the most
4 efficient way to deliver the tax change for ADIT is through a deferred accounting process
5 of establishing a regulatory liability for the changes, which will be addressed in the next
6 rate case. This can also include any additional tax impacts that may be determined over
7 the next few months and will allow for more precision in determining the amount of the
8 change. KAWC believes that the most efficient way to address the amount of tax
9 expense benefits to customers since January 1, 2018, is to create a deferred liability
10 within 30 days of the effective date of changes that the Commission may authorize, to be
11 included in the next rate case. At that time, it can be applied as a surcharge to customer
12 bills until the deferred liability is completed.

13 **Q. Is KAWC's proposal for delivering excess deferred taxes to its customers different**
14 **than its proposal for delivering the annual straight tax expense savings to its**
15 **customers as described in the above question?**

16 A. Yes, it is. By deferring the delivery of the excess deferred taxes to its customers until the
17 next general rate case, the amount of excess deferred taxes should be known more
18 accurately than it is at this time, which would allow customers to fully realize the
19 benefits. As KAWC explained in its last general rate case² and in the tariff case³ it filed
20 in 2017 in which KAWC unsuccessfully sought approval for a line-item surcharge for its
21 Qualified Infrastructure Program, KAWC's main replacement needs are critical. An

² Case No. 2015-00418.

³ Case No. 2017-00313.

1 accurate delivery of excess deferred taxes will help offset the revenue requirement
2 increases that will be necessary as KAWC invests in main replacements going forward.

3 **Q. Does Commission precedent support KAWC’s ability to propose an alternative**
4 **methods of returning the benefits of the TCJA to customers?**

5 A. Yes. In Case No. 9815 in which the Commission investigated the effects of the Tax
6 Reform Act of 1986, the Commission stated, “Any party may file alternative proposals
7 for the resolution of this investigation.”⁴

8 **Q. Has KAWC prepared the appropriate accounting entries to reflect the regulatory**
9 **liability associated with the excess deferred taxes?**

10 A. Yes, KAWC has prepared a draft of the accounting entries that will be made as the 2017
11 books are completed and the remeasurement is calculated. While the numbers have not
12 been calculated, KAWC has attached the draft accounting entries as Exhibit B. These
13 accounting entries demonstrate that accounting will not flow to the income statement at
14 any time during 2018, but be addressed as balance sheet entries so that the tax changes
15 can be passed to KAWC customers fully in the next rate case.

16 **Q. Has KAWC prepared estimated rates that would pass the TCJA impacts through to**
17 **KAWC’s customers?**

18 A. Yes. As stated above, the estimates on which those rates are based are not precise at this
19 time and KAWC believes the best way to provide those savings to customers is through a
20 rate reduction and deferred liabilities established and corrected over 2018. The overall
21 savings due to the tax expense reduction is \$5,404,718, which represents a 5.70%
22 reduction in water revenues and a 2.92% reduction in all sewer revenues. In order to

⁴ *In the Matter of: The Effects of the Federal Tax Reform Act of 1996 on the Rates of Kentucky-American Water Company*, Case No. 9815, June 11, 1987 Order, p. 5.

1 realize that savings based on cost of service, the residential volumetric water rates are
2 reduced by 9.0%, the commercial volumetric water rates are reduced by 7.4%, the
3 industrial volumetric water rates are reduced by 6.2%, the other public authority
4 volumetric water rates are reduced by 6.8%, the sale for resale volumetric water rates are
5 reduced by 6.1%, the public fire rates are reduced by 5.89% and the private fire rates are
6 reduced by 5.88%. The proposed sewer rates are reduced by 2.92%. The proposed new
7 rates as calculated are shown in Exhibit C.

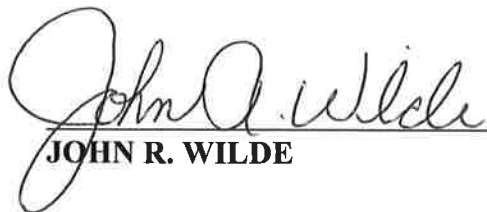
8 **Q. Does this conclude your testimony?**

9 A. Yes.

VERIFICATION


STATE OF NEW JERSEY)
)
CAMDEN COUNTY) **SS:**

The undersigned, **John R. Wilde**, being duly sworn, deposes and says he is Senior Director of Tax for American Water Works Service Company, that he has personal knowledge of the matters set forth in the foregoing testimony, and the answers contained therein are true and correct to the best of his information, knowledge, and belief.



JOHN R. WILDE

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 24th day of January, 2018.

 (SEAL)

Notary Public

My Commission Expires:

SHARIFAH HILTON
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires 4/25/2022

Kentucky American Water Company

Case No. 2017-00481

Federal Income Tax Calculation - Estimated Savings

		<u>Water</u>	<u>Wastewater</u>	<u>Total Company</u>
A	Requested Revenue Requirement	\$101,493,259	\$ 490,196.30	\$101,983,455
B	Proposed Federal Income Tax	\$10,637,562	26,536	\$10,664,099
C=B/A	FIT Percentage of Revenue Requirement	10.48%	5.41%	10.46%
D	Authorized Revenue Requirement ¹	\$ 94,803,205	485,615	95,288,820
E=D*C	Estimated Authorized Federal Income Tax	\$ 9,936,374	26,288	9,962,663
F=21/35*E	Estimated Authorized Federal Income Tax at 21%	\$ 5,961,824	15,773	5,977,598
G=F-E	Difference	\$ (3,974,550)	(10,515)	(3,985,065)
H	New Gross Up Factor	1.35983	1.34662	1.35983
I=G*H	Federal Tax Expense Difference After Gross Up	\$ (5,404,718)	(14,160)	(5,418,878)
J=I/D	% of Authorized Revenue	-5.70%	-2.92%	-5.69%
K=I-G	Gross Up Amount	\$ (1,430,168)	(3,645)	(1,433,813)
		<u>Gross-Up Portion</u>		
L=K*Portion	Gross Up Portion For State Tax	22.45%	\$ (321,133)	(818)
M=K*Portion	Gross Up Portion for Federal Tax	73.87%	\$ (1,056,525)	(2,693)
N=K*Portion	Gross Up Portion for O&M	2.95%	\$ (42,236)	(108)
O=K*Portion	Gross Up Portion for Revenue Tax	0.72%	\$ (10,274)	(26)

¹ - Authorized Revenue Requirement for Wastewater is not fully effective until July 15, 2018

Provided there is a Deferred Tax Liability on the books of record at 35% as of Jan 1, 2018, the following are the journal entries to remeasure deferred taxes to 21%:

SUMMARY T-ACCOUNTS

	283 Deferred Tax	409 Tax Expense	253.1 Regulated Liability
	JE#1		
Net at 12/31/2017	xx	JE#2	JE#2 xx
	JE#3		JE#3
Net at 01/01/18	xx		xx
	JE#5	JE#4	JE#4
Net at end amortization pd	xx	JE#5 xx	

DETAIL

Journal Entry # 1 - 12/31/2017 - (Initial remeasurement of deferred taxes to lower rate):

NARUC Account	Debit	Credit
283	Deferred Tax	
409		Tax Expense

Journal Entry # 2 - 12/31/2017 - (Setting up a Regulated Liability for amount to return to customers):

NARUC Account	Debit	Credit
409	Tax Expense	
253.1		Regulated Liability

Journal Entry # 3 - 01/01/2018 - (Gross up of Regulated Liability for tax effect going through deferred taxes, allowing for recovery of initial remeasurement):

NARUC Account	Debit	Credit
283	Deferred Tax	
253.1		Regulated Liability - Gross up

Note: The gross up is calculated as the Regulated Liability / (1 - combined tax rate for federal and state taxes)
Combined rate = 0.2574
(1 - combined tax rate) = 0.7426

Journal Entry # 4 - Subsequent periods - (Amortization of Regulated Liability into rates over allowed years):

NARUC Account	Debit	Credit
253.1	Regulated Liability	
409		Tax Expense

Journal Entry # 5 - Subsequent periods - (removal of the gross up piece of the Regulated Liability in Deferred Taxes - simultaneous with the amortization in JE#4)

NARUC Account	Debit	Credit
409	Tax Expense	
283		Deferred Tax

Kentucky American Water Company
Case No. 2017-00481
Revenue at Present and Proposed Rates
Forecast Year for the 12 Months Ended August 31, 2017

Line No.	Rate Classification (A)	Sales (B)	Revenues at Current Rates (C)	Revenues at Proposed Rates (D)	Revenues Change (Amt) (E)	% of Revenues Change (F)
1						
2						
3						
4	Residential	5,575,259	\$51,604,319	\$48,572,493	(\$3,031,826)	-5.88%
5	Commercial	3,487,266	22,495,325	21,173,651	(1,321,674)	-5.88%
6	Industrial	619,086	2,808,611	2,643,501	(165,110)	-5.88%
7	Other Public Authority	1,196,002	6,408,697	6,032,076	(376,621)	-5.88%
8	Sale for Resale	403,500	1,828,594	1,721,263	(107,331)	-5.87%
9	Private Fire Service:	0	2,738,564	2,577,573	(160,991)	-5.88%
10	Public Fire Service	0	4,017,447	3,780,968	(236,479)	-5.89%
11	Miscellaneous	4,368	84,644	79,612	(5,032)	-5.94%
12	Other Water Revenue	0	0	0	0	0.00%
13						
14	Total	<u>11,285,481</u>	<u>\$91,986,201</u>	<u>\$86,581,137</u>	<u>(\$5,405,064)</u>	<u>-5.88%</u>
15						
16	Proforma Other Operating Revenues					
17	Other Water Revenue		\$0	\$0	\$0	0.00%
18	Late Payment Fee		852,640	852,640	0	0.00%
19	Rent		69,684	69,684	0	0.00%
20	Rent I/C		65,400	65,400	0	0.00%
21	Collect for Others		0	0	0	0.00%
22	NSF Check Charge		32,142	32,142	0	0.00%
23	Application/Initiation Fee		743,543	743,543	0	0.00%
24	Usage Data		52,634	52,634	0	0.00%
25	Reconnect Fee		299,605	299,605	0	0.00%
26	Miscellaneous Service		59,000	59,000	0	0.00%
27						
28	AFUDC		642,356	642,356	0	0.00%
29						
30	Proforma Tota Operating Revenues		<u>\$94,803,205</u>	<u>\$89,398,141</u>	<u>(\$5,405,064)</u>	<u>-5.70%</u>

Kentucky American Water Company
Case No. 2017-00481
Present and Proposed Rates

WATER

Water - Meter Rates	Rate Per 100 Gallons					
	Current	Proposed	% Change			
Residential	\$0.6019	0.5475	-9.0%			
Commercial	0.5095	0.4716	-7.4%			
Industrial	0.4309	0.4042	-6.2%			
Municipal& Other Public Authority	0.4603	0.4289	-6.8%			
Sale for Resale	0.4326	0.406	-6.1%			
Miscellaneous	0.4500	0.3348	-25.6%			
Water - Service Charges	Residential			All Other Classes		
	Current	Proposed	% Change	Current	Proposed	% Change
5/8"	\$12.49	\$12.49	0.0%	\$13.63	\$13.63	0.0%
3/4"	18.74	18.74	0.0%	20.46	20.46	0.0%
1"	31.23	31.23	0.0%	34.07	34.07	0.0%
1-1/2"	62.45	62.45	0.0%	68.17	68.17	0.0%
2"	99.92	99.92	0.0%	109.04	109.04	0.0%
3"	187.35	187.35	0.0%	204.47	204.47	0.0%
4"	312.25	312.25	0.0%	340.77	340.77	0.0%
6"	624.50	624.50	0.0%	681.50	681.50	0.0%
8"	999.20	999.20	0.0%	1,090.40	1,090.40	0.0%
Fire Connections - Monthly Rate	Current	Proposed	% Change			
2" Diameter	\$9.13	\$8.59	-5.91%			
4" Diameter	36.76	34.60	-5.88%			
6" Diameter	82.68	77.82	-5.88%			
8" Diameter	146.98	138.34	-5.88%			
10" Diameter	229.72	216.21	-5.88%			
12" Diameter	331.26	311.78	-5.88%			
14" Diameter	450.45	423.96	-5.88%			
16" Diameter	588.21	553.62	-5.88%			
Private Hydrant	79.77	75.08	-5.88%			
Public Hydrant	44.68	42.05	-5.89%			

Kentucky American Water Company
Case No. 2017-00481
Present and Proposed Rates

SEWER	Current	Proposed	% Change	Authorized 7/2/2018	Proposed	% Change
Rockwell Village						
First 12,000 gallons	\$30.06	\$29.18	-2.92%	\$34.00	\$33.01	-2.92%
Over 12,000 gallons (per 100 gal)	0.2504	0.2431	-2.92%	0.283	0.275	-2.92%
					0	
Owenton					0	
First 2,000 gallons (per 100 gal)	25.02	24.29	-2.92%	28.29	27.47	-2.92%
Next 1,000 gallons (per 100 gal)	1.136	1.103	-2.92%	1.285	1.248	-2.92%
Next 2,000 gallons (per 100 gal)	0.894	0.868	-2.92%	1.011	0.982	-2.92%
Next 5,000 gallons (per 100 gal)	0.81	0.786	-2.92%	0.916	0.889	-2.92%
Next 10,000 gallons (per 100 gal)	0.724	0.703	-2.92%	0.819	0.795	-2.92%
Next 20,000 gallons (per 100 gal)	0.639	0.620	-2.92%	0.722	0.701	-2.92%
All over 40,000 gallons (per 100 gal)	0.608	0.590	-2.92%	0.689	0.669	-2.92%
Millersburg (per 100 gal)	1.16	1.16	0.00%			
Ridgewood	36.57	35.50	-2.92%			