

PURCHASED WATER ADJUSTMENT FOR  
WATER DISTRICTS AND WATER ASSOCIATIONS  
(807 KAR 5:068)

Case No. 2024-00102

|  |                                  |                              |                      |
|--|----------------------------------|------------------------------|----------------------|
| Name of Utility  | <b>Peaks Mill Water District</b> |                              |                      |
| Date   | <b>3-29-2024</b>                 |                              |                      |
| Address  | <b>7165 US 127 North</b>         |                              |                      |
| City, State, Zip   | <b>Frankfort, KY</b>             | <b>40601</b>                 |                      |
| Telephone Number   | <b>502-227-5740</b>              |                              |                      |
| Email Address  | <b>Pmwd2011@att.net</b>          |                              |                      |
| 1.a. Name of all wholesale suppliers and the base (current) rate and changed rate of each. In the event the water purchased is billed by the supplier on a rate that is not a flat rate schedule, the entire rate schedule must be shown. Attach additional sheets if necessary.                                 |                                  |                              |                      |
| Supplier(s)  | Base Rate                        | Changed Rate                 |                      |
| <b>Frankfort Plant Board</b>   | <b>\$2.55/1000 Gallons</b>       | <b>\$2.55/1000 Gallons</b>   |                      |
| <b>Kentucky American Water</b>   | <b>\$4.2360/1000 Gallons</b>     | <b>\$5.7566/1000 Gallons</b> |                      |
|  |                                  |                              |                      |
| 1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as <b>Exhibit A</b> .  |                                  |                              |                      |
| 2. Twelve-month period upon which the purchased water adjustment is based. (This twelve-month period must end within 90 days of this filing).  |                                  |                              |                      |
| From   | <b>March 2023</b>                | through                      | <b>February 2024</b> |
|  | (month and year)                 |                              | (month and year)     |
| 3. Statement of water purchases. Where water is purchased from more than one supplier, purchases from each supplier must be shown separately. If water is purchased through a declining block rate schedule, purchases for each month must be shown. Attach an additional sheet if necessary. <b>Exhibit B</b> . |                                  |                              |                      |

|   |  |
|---|--|
| Supplier(s)   | Gallons Purchased during 12 month period |
| <b>Frankfort Plant Board</b>  | <b>72,328,065 gallons - 77.45%</b>       |
| <b>Kentucky American Water</b>  | <b>21,064,600 gallons - 22.55%</b>       |
|   |  |
| <b>TOTAL PURCHASES</b>  | <b>93,392,665 gallons</b>                |
|   |  |
| 4. Total gallons sold for the 12 month period   | <b>57,587,900 gallons</b>                |
|   |  |
| 5. Increased water cost ( <b>\$1.5206/1000 x 21,064,600</b> )   | <b>\$32,030.83</b>                       |
| <p>The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate. The calculation and all supporting documents used to determine the change in purchased water costs sufficient to determine the accuracy of the calculation is attached as <b>Exhibit C</b>.</p>                            |  |
|   |  |
| 6. Purchased water adjustment factor (see <b>Exhibit C</b> .)   | <b>\$0.5662/1000 gallons</b>             |
| <p>The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.</p> <p>Note: The purchased water adjustment factor is added to each thousand gallons sold. If the minimum usage is 2,000 gallons then the purchased water adjustment factor would be added to the minimum bill twice.</p> |  |
|   |  |
| 7. A schedule listing the current and proposed rates is attached as <b>Exhibit D</b>  |  |
|   |  |
| 8. A copy of the resolution or other document of the utility's governing body authorizing the proposed rates is attached as <b>Exhibit E</b> .  |  |
|   |  |
| 9. Proposed effective date  | <b>April 15, 2024</b>                    |
|   |  |
| Signature of Utility Officer  |  |
| <b>Church Quarles, Chairman, Peaks Mill water District</b>  |  |
| Title   |  |

## EXHIBIT A – KAWC RATE NOTICE

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**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2023-00191  
FORECASTED TEST PERIOD FILING REQUIREMENTS  
EXHIBIT NO. 7**

**Description of Filing Requirement:**

Customer Notices

**Response:**

Please see attached.

For electronic version, see KAW\_APP\_EX07\_063023.pdf.

## EXHIBT A – KAWC RATE NOTICE

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### NOTICE

Kentucky-American Water Company ("Kentucky American Water") expects to file on June 30, 2023, an application with the Kentucky Public Service Commission proposing to increase annual water service revenues by approximately 22.7%, net of Qualified Infrastructure Program ("QIP") revenues. The proposed annual revenue increases by customer classification are: Residential - \$14,130,047 (22.8%); Commercial - \$6,986,508 (23.4%); Industrial - \$683,834 (23.8%); Other Public Authority - \$1,760,344 (23.6%); Sales for Resale - \$267,017 (20.8%); Private Fire Service and Hydrants - \$851,837 (24.1%); Public Fire Hydrants - \$1,159,966 (23.6%); Miscellaneous ("Bulk Sales of Water through Loading Stations") - \$23,616 (22.2%). The proposed effective date of rates is for service rendered on and after July 30, 2023. Kentucky American Water has requested proposed rates be implemented to all customer classifications as shown below:

**Average Monthly Bills:**

|                             | Monthly Usage     | Current<br>Average Bill | Proposed Average<br>Bill | \$ Change | % Change     |
|-----------------------------|-------------------|-------------------------|--------------------------|-----------|--------------|
| Residential (5/8")          | 3,800 gallons     | \$40.77                 | \$49.73                  | \$8.96    | 22% Increase |
| Commercial (5/8")           | 35,516 gallons    | 221.05                  | 271.31                   | 50.26     | 23% Increase |
| Industrial (2")             | 1,832,715 gallons | 8,855.93                | 10,881.20                | 2,025.27  | 23% Increase |
| Other Public Authority (2") | 129,391 gallons   | 818.28                  | 1,002.26                 | 183.98    | 22% Increase |
| Sales for Resale (6")       | 1,183,706 gallons | 6,369.81                | 7,807.22                 | 1,437.41  | 23% Increase |
| Miscellaneous (1")          | 12,000 gallons    | 85.67                   | 104.34                   | 18.67     | 22% Increase |
| Private Fire Hydrant        | N/A               | 84.66                   | 104.30                   | 19.64     | 23% Increase |
| Public Fire Hydrant         | N/A               | 53.85                   | 66.00                    | 12.15     | 23% Increase |
| Private Fire Line (6")      | N/A               | 87.76                   | 107.90                   | 20.14     | 23% Increase |

**Proposed Rate Increase for all customers:**

**Monthly Service Charge by Meter Size:**

| Meter Size | Present<br>Rate | Proposed<br>Rate | Change  | % Increase |
|------------|-----------------|------------------|---------|------------|
| 5/8"       | \$ 15.00        | \$ 20.00         | \$ 5.00 | 33%        |
| 3/4"       | 22.40           | 29.80            | 7.40    | 33%        |
| 1"         | 37.30           | 49.60            | 12.30   | 33%        |
| 1 1/2"     | 74.70           | 99.40            | 24.70   | 33%        |
| 2"         | 119.50          | 158.90           | 39.40   | 33%        |
| 3"         | 224.00          | 297.90           | 73.90   | 33%        |
| 4"         | 373.40          | 496.60           | 123.20  | 33%        |
| 6"         | 746.70          | 993.10           | 246.40  | 33%        |
| 8"         | 1,194.70        | 1,589.00         | 394.30  | 33%        |

**Consumption Charges:**

|                        | Current Rate        |                    | Proposed Rate       |                    | \$ Change           |                    | % Increase |
|------------------------|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|------------|
|                        | Per 1000<br>Gallons | Per 100<br>Gallons | Per 1000<br>Gallons | Per 100<br>Gallons | Per 1000<br>Gallons | Per 100<br>Gallons |            |
| Residential            | \$5.7570            | \$0.57570          | \$7.8249            | \$0.78249          | \$2.0679            | \$0.20679          | 36%        |
| Commercial             | 5.2066              | 0.52066            | 7.0760              | 0.70760            | 1.8694              | 0.18694            | 36%        |
| Industrial             | 4.3050              | 0.43050            | 5.8505              | 0.58505            | 1.5455              | 0.15455            | 36%        |
| Other Public Authority | 4.7960              | 0.47960            | 6.5179              | 0.65179            | 1.7219              | 0.17219            | 36%        |
| Sales for Resale       | 4.2360              | 0.42360            | 5.7566              | 0.57566            | 1.5206              | 0.15206            | 36%        |
| Miscellaneous          | Per 100<br>Gallons  | Per 50<br>Gallons  | Per 100<br>Gallons  | Per 50<br>Gallons  | Per 100<br>Gallons  | Per 50<br>Gallons  | 36%        |
|                        | \$3.34800           | \$1.67400          | \$4.56130           | \$2.28065          | \$1.21330           | \$0.60665          |            |

**Fire Protection:**

| Private Fire Line Size | Current Monthly Rate | Proposed Monthly Rate | \$ Change | % Increase   |
|------------------------|----------------------|-----------------------|-----------|--------------|
| 2"                     | \$ 8.76              | \$ 11.90              | \$ 3.14   | 36%          |
| 4"                     | 35.28                | 48.00                 | 12.72     | 36%          |
| 6"                     | 79.37                | 107.90                | 28.53     | 36%          |
| 8"                     | 141.09               | 191.90                | 50.81     | 36%          |
| 10"                    | 220.51               | 299.90                | 79.39     | 36%          |
| 12"                    | 330.03               | 448.80                | 118.77    | 36%          |
| 14"                    | 317.98               | 432.50                | 114.52    | 36%          |
| 16"                    | 564.63               | 767.90                | 203.27    | 36%          |
| Private Fire Hydrant   | 76.57                | 104.30                | 27.73     | 36% Increase |
| Public Fire Hydrant    | 48.70                | 66.00                 | 17.30     | 36% Increase |

## EXHIBIT A – KAWC RATE NOTICE

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Kentucky American Water is proposing to reset the QIP surcharge to zero and incorporate the investment costs into base rates. The average monthly bills shown in this notice include the QIP surcharge in the current average bills and a \$0 amount for the QIP surcharge in the proposed average bills.

Kentucky American Water is also proposing modifications to its QIP and is requesting: a Certificate of Public Convenience and Necessity ("CPCN") to deploy Advanced Metering Infrastructure ("AMI"); addition of an AMI opt-out fee in the amount of \$28.00; an alternative level of reasonable unaccounted-for water loss under 807 KAR 5:066, Section 6(3); approval of a Universal Affordability Program; and certain regulatory and accounting treatments for Production Costs, Pension and Other Post-Employment Benefits, and Tax Expenses (excluding Sales Tax). Modifications to the QIP surcharge tariff would be applied to Residential, Commercial, Industrial, Other Public Authority, Sale for Resale, Public and Private Fire Service classifications for qualified infrastructure investments. The QIP surcharge would be calculated annually based on forecasted qualified infrastructure costs and applied to each customer's monthly bill. The QIP surcharge would then be updated annually until the next rate case, at which time the investment costs would be incorporated into base rates and the surcharge reset to zero. The AMI opt-out fee tariff would apply to all customers electing to opt-out of the AMI program, and the \$28.00 fee would be applied to each opt-out customer's monthly bill for the ongoing opt-out costs, including meter reading costs. The Universal Affordability Program would reduce the 5/8" meter monthly service charge by \$12.00 and the consumption charges rate by \$4.69494 per 1,000 gallons (\$0.469494 per 100 gallons) for qualified Residential customers with household incomes at zero to 50-percent of the federal poverty level and would reduce the 5/8" meter monthly service charge by \$4.00 and the consumption charges rate by \$1.56498 per 1,000 gallons (\$0.156498 per 100 gallons) for qualified Residential customers with household incomes at 50-percent to 100-percent of the federal poverty level. Kentucky American Water is proposing to revise the definition of "current estimated cost" of main extensions in new subdivisions by utilizing current material costs and bids received instead of the preceding year's costs. Finally, Kentucky American Water is proposing to: move Judy Water Association as a standalone customer in its tariff into the general Sale for Resale customer class; add language to the cross-connection portion of its tariff to make it clear that customers are responsible for the expenses for cross-connection testing, including processing fees; and revise language related to private fire service so that payment for such service is payable monthly in advance rather than quarterly in advance.

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 through 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.

**EXHIBIT B – 12-MONTH WATER PURCHASED & SOLD**

| Exhibit B                                    |  |  |  |   |  |   |
|--|--|--|--|---|--|---|
| PMWD 2023 Wholesale Water Purchased and Sold |  |  |  |   |  |   |
| PEAKS MILL WATER                             | Gallons Purchased from<br>FPB #28600 @ 103<br>Peaks Mill Rd. | Gallons Purchased from<br>FPB #30329 @<br>Leestown Rd. | Gallons Purchased<br>from KAW #1012-<br>210009446813 @ Hwy<br>127S | Gallons Purchased from<br>KAW #1012-<br>220032244816 @ 6914<br>Peaks Mill Rd. | TOTAL # GALLONS<br>PURCHASED FROM<br>FPB & KAW | WATER SALES- GALLONS<br>SOLD FROM MONTHLY<br>PSC REPORT |
| Mar-23                                       | 4,978,935  | 21,205   | 36,700   | 985,300   | 6,022,140                                      | 4,201,400   |
| Apr-23                                       | 5,315,667  | 20,184   | 34,100   | 1,092,500   | 6,462,451                                      | 5,026,300   |
| May-23                                       | 7,185,716  | 42,997   | 39,600   | 1,367,300   | 8,635,613                                      | 4,122,900   |
| Jun-23                                       | 6,961,076  | 21,370   | 40,900   | 1,414,800   | 8,438,146                                      | 4,810,900   |
| Jul-23                                       | 7,002,417  | 19,234   | 37,000   | 1,919,000   | 8,977,651                                      | 5,513,400   |
| Aug-23                                       | 6,690,061  | 25,115   | 41,100   | 748,300   | 7,504,576                                      | 4,315,000   |
| Sep-23                                       | 7,100,456  | 20,034   | 33,100   | 1,417,700   | 8,571,290                                      | 4,633,700   |
| Oct-23                                       | 6,626,342  | 19,634   | 30,200   | 2,169,700   | 8,845,876                                      | 6,172,400   |
| Nov-23                                       | 5,766,040  | 23,046   | 24,000   | 2,100,200   | 7,913,286                                      | 4,539,500   |
| Dec-23                                       | 4,525,042  | 26,016   | 40,500   | 2,275,500   | 6,867,058                                      | 4,600,400   |
| Jan-24                                       | 4,475,597  | 27,710   | 35,400   | 2,848,000   | 7,386,707                                      | 5,051,400   |
| Feb-24                                       | 5,404,231  | 29,940   | 23,400   | 2,310,300   | 7,767,871                                      | 4,600,600   |
| <b>TOTAL 12-Month</b>                        | <b>72,031,580</b>  | <b>296,485</b>   | <b>416,000</b>   | <b>20,648,600</b>   | <b>93,392,665</b>                              | <b>57,587,900</b>                                       |
|  |  | FPB Purchase Total                                     |  | KAWC Purchase Total   | Total FPB & KAWC                               | Total Sold  |
|  |  | 72,328,065   |  | 21,064,600  | 93,392,665                                     | 57,587,900  |
|  |  | 77.45%   |  | 22.55%  | 100.0%   | 61.7%   |

**EXHIBIT C – PURCHASED WATER ADJUSTMENT FACTOR**

| Exhibit C   |              |              |              |
|---|--------------|--------------|--------------|
| PMWD Increase In Cost & Purchased Water Adjustment Factor |              |              |              |
|   | FPB          | KAWC         | Total        |
| Gallons Purchased   | 72,328,065   | 21064600     | 93,392,665   |
| Old Rate (\$/1,000 gallons)                               | \$2.55       | \$4.2360     |              |
| New Rate Effective 2/7/24<br>(\$/1,000 gallons)           | \$2.55       | \$5.7566     |              |
| Difference  | \$0.0000     | \$1.5206     |              |
|   |              |              |              |
| Prior 12 Month Cost                                       | \$184,436.57 | \$89,229.65  | \$273,666.21 |
| New Cost  | \$184,436.57 | \$121,260.48 | \$305,697.04 |
| Increase Cost   | \$0.00       | \$32,030.83  | \$32,030.83  |
| Gallons Sold  | 57,587,900   | 57,587,900   | 57,587,900   |
| Increase cost per 1000<br>Gallons                         | \$0.0000     | \$0.5562     | \$0.5562     |

## EXHIBIT D – PROPOSED RATE SCHEDULE

| EXHIBIT D                                    |   |                          |            |
|--|---|--------------------------|------------|
| PMWD Proposed Rate Schedule                  |   |                          |            |
| Applicable:                                  | Entire Area Served                            |                          |            |
|  |   |                          |            |
| Purchased Water Adjustment per 1000 gallons: |   |                          | \$0.5606   |
|  |   |                          |            |
| Available:                                   | To All Customers Served by the Water District |                          |            |
|  |   |                          |            |
| Existing Rates:                              |   |                          |            |
|  | First 2000 Gallons                            | \$28.32 Minimum Bill     |            |
|  | Next 3,000 Gallons                            | \$9.85 Per 1000 Gallons  |            |
|  | Next 5,000 Gallons                            | \$8.63 Per 1000 Gallons  |            |
|  | Over 10,000 Gallons                           | \$7.41 Per 1000 Gallons  |            |
|  |   |                          |            |
| Average Bill                                 | 4,000 Gallons                                 | \$48.02                  |            |
|  |   |                          |            |
| Proposed Rates:                              |   |                          | % Increase |
|  | First 2000 Gallons                            | \$29.44 Minimum Bill     | 3.95%      |
|  | Next 3,000 Gallons                            | \$10.41 Per 1000 Gallons | 5.69%      |
|  | Next 5,000 Gallons                            | \$9.19 Per 1000 Gallons  | 6.49%      |
|  | Over 10,000 Gallons                           | \$7.97 Per 1000 Gallons  | 7.56%      |
|  |   |                          |            |
| Average Bill:                                | 4,000 Gallons                                 | \$50.26                  | 4.66%      |

## EXHIBIT E – RESOLUTION

### RESOLUTION

#### RESOLUTION OF THE PEAKS MILL WATER DISTRICT DISTRICT, AUTHORIZING THE IMPLEMENTATION OF NEW RATES, SUBMITTING NEW RATES TO THE KENTUCKY PUBLIC SERVICE COMMISSION AND AUTHORIZING A REPRESENTATIVE TO SIGN ALL RELATED DOCUMENTS

WHEREAS, the Peaks Mill Water District ("District") is a water district created and organized under the provisions of KRS Chapter 74 and the District is subject to the jurisdiction of the Kentucky Public Service Commission ("PSC");

WHEREAS, prudent financial management dictates that the District take appropriate action to adjust its water rates and charges;

WHEREAS, KRS 278.180 and 807 KAR 5:068 provide the legal mechanism for the District to propose adjustments to its water rates and charges;

WHEREAS, the Kentucky American Water District has raised its wholesale rate of water beginning February 6, 2024;

WHEREAS, the PSC approved the rate increase in its Order 20440209 on February 9, 2024;

WHEREAS, the District desires to adjust its rates to its customers to reflect the wholesale rate increase.

WHEREAS, the District is allowed to adjust its rates to its customers through a Purchase Water Adjustment pursuant to KRS 807 KAR 5:068, subject to PSC approval.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Peaks Mill Water District as follows:

Section 1. That the District hereby approves the raising of its rates to its customers as shown in Exhibit A, subject to PSC approval.

SECTION 2. That Church Quarles is hereby authorized, directed and empowered by the District to execute the necessary documents, and to otherwise act on behalf of the District to implement the changed rates.

SECTION 3. This Resolution shall take effect with the next billing cycle after approval by the PSC.



ADOPTED on April 8, 2024

Peals Mill Water District:

Church Quarles

  
Title: Chairman

ATTESTED:

  
Ross Thompson

Title: Secretary

### EXHIBIT A

| PMWD - Monthly Rates                    |           |           |           |            |
|---|-----------|-----------|-----------|------------|
|   | Current   | New       | \$ Change | % Increase |
| First 2,000 Gallons (Minimum Bill)      | \$ 28.32  | \$ 29.44  | \$ 1.12   | 3.95%      |
| Next 3,000 Gallons (per 1,000 gallons)  | \$ 9.85   | \$ 10.41  | \$ 0.56   | 5.69%      |
| Next 5,000 Gallons (per 1,000 gallons)  | \$ 8.63   | \$ 9.19   | \$ 0.56   | 6.49%      |
| Over 10,000 Gallons (per 1,000 Gallons) | \$ 7.41   | \$ 7.97   | \$ 0.56   | 7.56%      |
|   |           |           |           |            |
| Average Bill for 2,000 Gallons          | \$ 28.32  | \$ 29.44  | \$ 1.12   | 3.95%      |
| Average Bill for 3,000 Gallons          | \$ 38.17  | \$ 39.85  | \$ 1.68   | 4.40%      |
| Average Bill for 4,000 Gallons          | \$ 48.02  | \$ 50.26  | \$ 2.24   | 4.66%      |
| Average Bill for 5,000 Gallons          | \$ 57.87  | \$ 60.67  | \$ 2.80   | 4.84%      |
| Average Bill for 10,000 Gallons         | \$ 101.02 | \$ 106.62 | \$ 5.60   | 5.54%      |
| Average Bill for 20,000 Gallons         | \$ 175.12 | \$ 186.32 | \$ 11.20  | 6.40%      |