COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic APPLICATION OF KENTUCKY-AMERICAN WATER COMPANY FOR AN ADJUSTMENT OF RATES, APPROVAL OF SYSTEM IMPROVEMENT PROGRAM, AND TARIFF CHANGES	)))))	Case No. 2026-00094

Georgetown Municipal Water and Sewer Service
Post-hearing Brief

Georgetown Municipal Water and Sewer Service ("GMWSS" or "Georgetown Municipal") herewith submits its post-hearing brief and asks the Commission to reduce the Sales for Resale (wholesale) usage rate and to otherwise move rates charged by Kentucky-American Water Company ("KAWC") toward levels and a structure supported by reliable data and analysis, aligned with rate-making principles, and promoting genuine regionalization that discourages wasteful, duplicative investment and encourages efficient coordination smoothing out localized risk, demand, and operation factors. GMWSS herein makes three main points:

1. KAWC's Application does not support increased revenues or the requested tariff changes.
2. The Sales for Resale rate charged to GMWSS should be at the lowest available level for wholesale usage ($2.25/Tgal.).
3. The terms KAWC applies to its customers do not reflect costs of service or promote beneficial regionalization.

The brief is organized to show the record support for these points and GMWSS's requests, referring to factual statements in Appendix A (referenced by ¶#), and to tables summarizing KAWC's existing and proposed rates (in Appendix B) and its arrangements with wholesale

customers (in Appendix C). Throughout there are references to hearing testimony ("10/__/26 HVT ____"), record filings, and materials otherwise on file with the Commission of which it may take adjudicative notice.

1. KAWC's Application does not support increased revenues or the requested tariff changes.

On the record evidence in this case, a $3.64 million decrease is authorized for KAWC's projected 2007 revenue requirement. *Appx.A ¶¶ 1-2.* No increase to rates is justified, and rate decreases are mandated, by the $3.64 million projected revenue surplus — which part 2 of this Brief explains should be used to better align rates with costs and to end or reduce price squeezes and unjustified rate discrimination. In addition, the System Improvement Plan rider mechanism as it has been proposed by KAWC should not be approved. *Appx.A ¶3.*

Note that this reduced revenue requirement mostly accepts KAWC's projections of expenses and rate base for the forecasted test year (2027). *Appx.A ¶¶ 1.c, 2.b-d.* One exception for rate base is an adjustment to cash working capital, because KAWC failed to perform a lead-lag study for this case after its 2025 rate case lead-lag study was rejected for, *inter alia,* its inclusion of non-cash items. *Appx.A ¶2.d.* The proffered excuse that there was insufficient time for it to have study done between the end of the 2025 rate case and the 5/15/26 filing of the Application Appx.A ¶¶ 2.d fn.3, illustrates that, in the rush to again seek an increase in rates, KAWC has not taken the time or care to base its Application and requests on sufficiently accurate, well-analyzed, and stable information. In the chaos created by nearly-overlapping rate cases and stream of acquisitions, for example, KAWC was surprised by Georgetown Municipal's wholesale usage of 51,000 million gallons at Champion Way in February-March 2026 and that

its usage at Cherry Blossom Way was not wholesale usage.[1] Then, rather than take the time to appropriately update (increase) its forecasted 2027 wholesale usage numbers and the effects on cost allocations and revenue projections, KAWC doubled down on its assumption that there would be effectively no test-year wholesale usage by Georgetown Municipal.[2] Similarly, KAWC's changes at the last-minute to reflect the tariff rate for wholesale usage by Harrison County WD, reducing the proposed SFR tariff base volumetric rate to $7.1173/Tgal., *10/30/26 KAWC response (Rea) to PSC phDR 11*, gives the parties and Commission no real opportunity to probe into whether the correction has been fully and accurately made.

The nearly overlapping rate cases with non-calendar year base periods also means that the reliability of KAWC's forecasts, budgets, and other projections cannot be assessed against relatively good-quality actual, historic data regularly reported to the Commission in calendar-year Annual Reports. The forecasted test year — 2026 — for Case No. 2025-00122 has not yet closed and only the first eight (8) months are in the base period — Sep. 1, 2025 – Aug. 31, 2026 — for this case. Comparison of projected numbers from KAWC's Applications filed in Case No. 2025-00122 and Case No. 2026-00094 with actual, historic data from its 2024 and 2025 Annual Reports show not only KAWC's consistent projection of SFR usage volumes below historic levels and no growth in SFR usage volumes for projected years, but also that other customer categories were consistently projected to have usage growth and that the no-growth SFR usage level projected for 2027 and 2028 shifted upward between the 2025 and 2026 rate

[1] *6/2/26 GMWSS Motion to Intervene; 6/9/26 KAWC Response to GMWSS Motion to Intervene;* 6*/12/26 KAWC Notice of Retraction*; *8/7/27 C. Azevedo Testimony pp 8-9; 9/10/26 GMWSS response (Azevedo) to 1 PSC 05.a (*Feb.-Mar. 2026 usage*); 9/10/26 GMWSS response (Azevedo) to 1 PSC 01.a (*end-use water at Cherry Blossom Way connection).

[2] *10/13/26 HVT 4:03:20–4:04:00 (Rea)*; *10/30/26 KAWC response (Rea) to GMWSS phDR 02.b* (showing minimal usage). KAWC has generally glossed the base period update data to be of minimal effect on its rates proposals without actually re-doing its cost-of-service study. *Appx.A ¶ 5.*

cases. *Appx.A* ¶*6*; see also Brief Exh.3. These inconsistencies between projected numbers and disconnects from actual, historic data on Annual Reports suggest that the KAWC's projections are not grounded in fact. As KAWC president Burton testified at the hearing in this case, "We could arbitrarily make the decision in a case such as this to double our capital plan for next year … and could absolutely justify the need for the capital spending…." *10/14/26 HVT 10:23:45-10:24:00 (Burton).* KAWC's ability to pick a number that suits its purposes and the unreliability of its inputs and projections counsel against a finding of any revenue requirement deficiency or authorization of any increase to its rates in this case.

2. The Sales for Resale rate charged to GMWSS should be at the lowest available level for wholesale usage.

The determination of a $3.34 million projected revenue surplus at existing rates, however, does enable rate reductions. This effect is seen in KAWC's recent correction of the rate to apply to Harrison County WD wholesale purchases (increasing projected revenues), such that it now proposes a reduction in the SFR base volumetric rate to $7.1173/Tgal. instead of the initially proposed increase to $8.7371/Tgal. *10/30/26 KAWC response (Rea) to PSC ph11.* The rate charged to GMWSS for wholesale usage should be lower than rates to retail customers and "hew more closely to KAWC's marginal cost of water produced." *9/10/26 GMW response (Chandler) to 1 PSC 02.e*; *Appx.A* ¶*7.d*. For years, KAWC has supplied and (despite the claimed need for increased revenues) initially proposed in this case to continue to supply wholesale water to Nicholas County Water District and the Harrison County Water Association at $2.25 per thousand gallons ("Tgal."); it also plans to continue to supply Nicholas County Water District at the $2.25/Tgal. rate.[3] There is no record evidence that this rate does not cover the cost of water

[3] *Appx. A* ¶ *4*; *Appx. B* (SFR rates). *See also* Appx. C summarizing information about KAWC's arrangements with wholesale customers.

supplied for wholesale at the northeastern border of KAWC service territory and, therefore, KAWC should be required to supply GMWSS with wholesale water at a rate of no more than $2.25/Tgal.

KAWC incurs little fixed cost and has not planned, reserved, or maintained production capacity in order to provide wholesale service to Georgetown Municipal.[4] Service is provided on an as-available basis, not obligating KAWC or requiring it to dedicate service capacity. *10/9/26 GMWSS response (Azevedo, Chandler) to 1 PSC 02.d-e & 07.b*. In the "KAW Lower Cost Scenario, Phase 1 – Utilize Existing Connections" proposed as part of its 12/21/25 response to the GMWSS request for proposal about long-term water supply,[5] KAWC states that it can use existing interconnections to supply Georgetown Municipal with up to 2.5 million gallons per day (MGD) "without capital costs"; it also asserts that the three phases of this scenario will supply 15.0 MGD at a much lower capital cost than the GMWSS base proposal.[6]

The KAWC cost-of-service study uses a variable cost of water equal to $1.0310651 per Tgal.;[7] this is approx. 45% of the $2.25 rate. Other record evidence that supports a $2.25 rate includes:

- KAWC has kept the $2.25/Tgal. rate to Harrison County WA and Nicholas County WD despite that the rate is subject to modification based on service costs at the end of every three years. *Appx.B (rates table); Appx.C, customer ## 3 & 7*.
- The Glasgow Water Company has a wholesale rate of $2.01/Tgal.; the Louisville Water Company, a wholesale rate of $2.29/Tgal. *6/29/26 KAWC response (Rea) to 2 PSC 19.*

[4] *8/7/26 C. Azevedo Direct Testimony* pp. 6-7, 13; *9/10/26 GMWSS response (Chandler) to 1 PSC 07*.

[5] *10/9/26 GMWSS response (Azevedo) to 1 PSC 03 – attachment* 01-0055 to -0074.

[6] *Id.* at 01-0064. It also asserts that the three phases of this scenario will supply 15.0 MGD at a much lower capital cost than the GMWSS base proposal. *Id.* at 01-0063.

[7] *Appx.A* ¶ 7.b, calculated from 5*/15/26 Application Exh.36 (cost of service study)* pp. 3, 15 of 18.

- KAWC's existing tariff, *P.S.C. Ky. No. 11, 2nd Sheet No. 30* (eff. 6/1/26), offers a wholesale rate of $2.489/Tgal. to customers in Bell and Hickman Counties.

Although the record evidence best supports a $2.25/Tgal. wholesale rate for Georgetown Municipal, a reduced SFR volumetric rate could also be established or roughly estimated as $5.3034/Tgal., by subtracting the $1.6232/Tgal. difference between the initial proposed rates and the one announced by KAWC in its response to PSC ph11 from the SFR volumetric rate proposed by KAWC in Case No. 2025-00122.[8]

At the least, Georgetown Municipal — which has provided record evidence that KAWC's costs of serving it are marginal — should be charged a wholesale volumetric rate no higher than the $2.25/Tgal. that was extended for so many years to Harrison County WA and is still made available to Nicholas County WD.[9] To the extent that the category of Sales for Resale customers (as a whole) has use characteristics like Georgetown Municipal's, then the entire class has been allocated far too much fixed cost in KAWC's cost-of-service studies,[10] and the class rate should be reduced far below the $7.1173/Tgal. that KAWC now proposes as the SFR volumetric rate.[11] Otherwise, any Sales for Resale customers with interruptible, as-available service sufficiently like that for Georgetown Municipal would also be eligible for the same lower rate as a subcategory of SFR customers.

The System Improvement Plan rider should not be authorized as proposed by KAWC in this case, in part because it does not have the customer protections that were part of the former pipeline-replacement rider (QIP). *Appx.A ¶3*. If it were authorized with appropriate modifications and recognition of its effects on KAWC's cost of capital (*Appx.A ¶3.a-b*), it nonetheless

[8] See *8/7/26 C. Azevedo Direct Testimony* p.7 for proposed and ordered rates.
[9] *10/13/26 HVT 2:14:08–2:18:42 (Chandler)*.
[10] *10/13/26 HVT 2:11:52–2:14:05 (K. Chandler).*
[11] See *Appx. B* (rates); *10/30/26 KAWC Response (Rea) to PSC phDR 11*.

should not be a rider to the SFR rate — at least not for Georgetown Municipal, because the pipelines providing it with that service were not planned, reserved, or maintained and any replacements would be to sustain end-user, not wholesale service. *Appx.A ¶3.c*.

3. The terms KAWC applies to its customers do not reflect costs of service or promote beneficial regionalization.

KAWC's rates support monopolization, not beneficial regionalization. Its current SFR tariff wholesale rate that is illogically higher than any end-use category in Classification 1 applies a price squeeze to water utilities, associations, and districts that do not have alternative sources of supply. *Appx.A ¶ 7.a*; *Appx.B* (rates). By agreeing to be acquired by KAWC and making its customers the direct customers of KAWC, Judy Water Association escaped an untenable situation in which it was paying a wholesale price for every gallon of water it received that was higher than the rate its customers would be charged as end-users. *Appx.A ¶4.c*; see also *Appx.B* (rates). KAWC proposes a significant reduction in hydrant fees to public fire protection customers that would shift cost to other customers, for an expressed reason to remove a hindrance to municipalities agreeing to KAWC acquisition of their water systems. *Appx.A ¶10.* Disciminatorily favorable wholesale rates to utilities on its borders, that KAWC questionably interprets as unchangeable, as to Harrison County WA and Nicholas County WD (*Appx.B & C*; Appx.A ¶4), discourage development of competing, alternative supplies and encourage wasteful geographic expansion of its system by KAWC that burden its other customers' rates.

Regionalization should promote operational efficiencies and smooth out localized risks and factors among participants who have varying strengths and experience with their particular systems and customer mixes. It also allows for the development of alternative approaches and competitive sources of supply for each participant. This creates a more resilient coordinated system for water supply in the region — benefits lost when the region is monopolized by one

utility. There are beneficial effects of reducing wholesale rates and having them better reflect costs. See *10/9/26 GMWSS response (Chandler) to 1 PSC 07.b*, esp. pp.4-5.[12] Commission should require KAWC to take the time and care in its next rate case to develop and propose rates — including for wholesale use — that more truly reflect costs, do not discriminate unreasonably among its customers, and promote beneficial regionalization.

Respectfully submitted,

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[12] See also: "Specific to KAWC's Sales for Resale class, the unreasonably high rate also serves as a material impediment to surrounding utilities increasing their dependence on KAWC for centralized water production from current KAWC facility capacity, in lieu of producing water themselves. Increasing the amount of water sold to surrounding utilities, even with only a small markup above the marginal cost of production, could provide significant rate relief to KAWC's retail customers by spreading system fixed costs over a larger usage base." *10/9/26 GMWSS response (Chandler) to 1 PSC 07.b, p.4*

1. A reasonable return on equity [ROE] is 8.07%,[1] with an overall cost of capital of 6.50%. *8/7/26 A. Rothschild Direct Testimony pp.10, 59, 82.*[2] A reasonable capital structure for KAWC contains 51.17% common equity. *Id.* pp. 10, 55-56, 82.
   a. KAWC's proposed return on equity (ROE) of 10.75% exceeds its actual cost of equity and the return required by investors. *8/7/26 Rothschild Testimony p.82*. KAWC relies on inputs that introduce an upward bias or otherwise contribute to an inflated return rather than a market-based cost of equity. *Id.* pp.12-14, 59, 75-76.
   b. A capital structure with 51.16% common equity is on the high end of what can be justified based on the common equity ratios at the holding company level. KAWC has not supported its claimed need for an atypically expensive capital structure with a common equity ratio higher than that for American Water Works Company, Inc. *8/7/26 Rothschild Testimony* p.55.
   c. Application to KAWC's requested rate base as filed of both the cost of equity and capital structure recommended by the intervenor's expert witness Aaron Rothschild, rather than those recommended by the KAWC witness, reduces the rate of return portion of KAWC's annual revenue requirement by $14.2 million (to approximately $72.2 million). *8/7/26 Rothschild Testimony* pp.15-16, 82.

[1] Multiple cost-of-equity methodologies support an ROE range of 7.95–9.11%. See 8/7/26 Rothschild Testimony pp.7-10, Appxs. B-E.

[2] The 10/8/26 A. Rothschild Errata Filing made corrections to his Direct Testimony, but did not change these cited percentages and other numbers.

2. In its 5/15/26 Application KAWC forecasts a revenue requirement deficiency for calendar year 2027 and requests a $17.68 million increase.[3] Instead, appropriate capital costs and structure (see ¶1 above) and supported operating expenses show a revenue requirement surplus for 2027 and authorize a $3.64 million decrease. *10/8/26 Defever Errata Filing* of revised pp.4-5 and *Exhibit JD-1 Errata.xlsx* (-$3.637 million), revising *8/7/26 J. Defever Direct Testimony*, pp. 4-5 (-$3.384 million).

   a. Correcting KAWC overstatements of forecasted test-year operating expenses has a revenue requirement effect of -$6,427,992. *10/8/26 Defever Errata Filing* of revised pp.4-5 (summary of adjustments).

   b. Examples of unsupported KAWC expense-related requests include the persistent budgeting and projection of more staffing than it realizes and attempted recovery of incentive compensation tied to financial goals. *8/6/26 Defever Testimony* pp. 8-10, 12-15. KAWC also seeks recovery for such projected expenses as employee stock purchase plan discounts, severance costs, temporary help expenses, business development costs, and portions of board of directors expenses that primarily benefit shareholders, and 401(k) expenses — which were rejected in KAWC's 2023 and 2025 rate case, and for which the lack of direct benefit to ratepayers or otherwise inadequate factual support has not been remedied. *Id.* pp. 15-19, 24-31.[4]

[3] *5/15/26 J. Watkins Direct Testimony Exhibit JMW-2* (line 1, $17,684,458 Total Operating Revenues adjustment for proposed rates); KAWC's base period update and other revisions on 9/16/26 had a net effect of reducing its claimed revenue requirement by $1,664 — to $17.67 million. *9/16/26 KAW Base Period Update* p.1, Summary of Forecast Year Revisions filed Sept. 2026.

[4] By expense category, see *8/7/26 Defever Testimony* pp. 15-16 (ESPP), 17-18 (severance), 18-19 (temporary help), 24-25 (business development), 25-27 (board of directors), 27-28 (401k).

c. KAWC ignores the 807 KAR 5:066 §6(3) mandate that, for rate-making purposes, unaccounted-for water loss shall not exceed 15% of total water produced and purchased. KAWC's water loss levels have exceeded that threshold for years; the 12-month average loss is 17.49% through June 2026, justifying a corresponding reduction in pre-tax forecasted test year expenses of $341,582. *8/6/26 Defever Testimony* pp. 19-21.

d. KAWC did not prepare a lead-lag study in this case[5] and reflected no cash working capital component. Its lead-lag study in the last rate case incorrectly included non-cash items; adjustments resulted in a Commission finding that a negative cash working capital component was necessary.[6] Appropriate adjustments in this case yield a negative working capital (reducing rate base) and a $668,000 reduction to the revenue requirement. *8/7/26 Defever Testimony* pp.34-38, as revised in *10/8/26 Defever Errata Filing* revised p.38.

e. Corrections to KAWC expense related requests combine with the revenue-requirement effects of adjustments to KAWC's requested rate of return (-$14,226,027) and cash working capital (-$668,000), to support rate decreases totaling $3,637,558 in revenue. *10/8/26 Defever Errata Filing* of revised pp.4-5 (summary of adjustments).

3. KAWC's proposed new capital rider mechanism, the System Improvement Plan ("SIP"),[7] would be a source of regular increases in customer bills. *8/7/26 J. Defever Direct Testimony* p.39. As proposed, the SIP rider would not include significant customer protections that

[5] KAWC claims that it did not perform a lead-lag study to support its 5/15/26 Application in order to reduce rate case expense. *6/26/26 KAWC response (Watkins) to 2 PSC 28.* At the hearing, KAWC witness John Watkins admitted that there was not time to prepare a lead-lag study between the end of the last rate case (No. 2025-00122) and the 5/15/26 Application filing in this case. *10/13/26 HVT 10:08:14-10:09:39*.

[6] 12/16/25 final Order in Case No. 2025-00122, pp. 45-47.

[7] See *5/15/26 Application Exh.02* (proposed tariff) Orig. Sheet Nos. 48-50; *5/15/26 J. Newcomb Direct Testimony* p.3.

were part of the "QIP" former pipeline-replacement rider and program, including annual caps and restricting flow-through to projects reasonably related or incidental to replacing aging mains. *7/30/26 KAWC response (Lewis) to 2 AG 23; 8/7/26 Defever Testimony* pp. 38-39.

a. Without such restrictions, too much discretion is given to KAWC; its incentives are to speed up pipeline replacements and claim SIP eligibility for a broad array of such projects.[8]

b. An ROE of 10 basis points below the ROE the Commission authorizes for base rate is appropriate for investments recovered through the SIP rider, because such an infra-structure replacement recovery mechanism carries less risk than base-rate recovery. *8/7/26 A. Rothschild Direct Testimony* pp. 6, 77-80 & fn.107.[9] The reduced ROE is also applicable to the pre-tax return calculations in the proposed tariff for the SIP mechanism. *Id.* pp. 6, 81-83.

c. The SIP is characterized as being focused on replacing "aging infrastructure."[10] There is no evidence that such pipelines are providing wholesale service to any SFR customer, and any replacement of pipelines involved in supplying the GMWSS Champion Way interconnection would to maintain safe reliable service to KAWC end-use customers, not to Georgetown Municipal. See, generally, *9/10/26 GMWSS response (Chandler) to 1 PSC 02.e & 07.*

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[8] KAWC witness Newcomb cites "aging infrastructure" and "infrastructure renewal" as motivating the SIP proposal; the express purpose of the proposed SIP, however, is simply for "timely recovery" of capital investments generally. *See J. Newcomb Direct Testimony* pp. 5-8, 18. A key element of the proposed SIP is its "expanded scope of eligible replacement projects of KAWC's aging infrastructure." *Id.* p.14 (emphasis added).

[9] See also *5/15/26 J. Newcomb Direct Testimony* p.11 (acknowledging risk reductions and predictable recovery with a SIP rider).

[10] *See* Newcomb Testimony cites in fn.8, above.

4. Although the wholesale Contracts cited as fixing the rate are between Harrison County WA and Nicholas County WD and the city of Millersburg (not KAWC) and the KAWC base volumetric SFR rate has been above $2.25/Tgal. since late 2007, KAWC has been charging Harrison County WA and Nicholas County WD only $2.25/Tgal. for their wholesale purchases.[11] KAWC has calculated the revenue requirement allocation to the SFR customer category with all the service to these two customers, but has been forecasting test year revenues (present and proposed rates) for their usage at $2.25/Tgal. *10/30/26 KAWC response (Rea) to PSC phDR 11.* This shifts a significant burden to all the other SFR customers (including Georgetown Municipal), as illustrated by the drop in the volumetric Tgal. rate from the initially proposed $8.7371 to the $7.1173 proposed by KAWC at the end of November when it included Harrison County WD's usage at the tariff rate. *Id.*

   a. Contrary to KAWC's 7/30/26 response to 1 GMWSS 07, the wholesale Contracts for Harrison County WA and Nicholas County WD do not fix the $2.25 rate or make it unchangeable in a rate case. Each of these Agreements expressly provides that the purchase rates "ae subject to modification at the end of every three (3) year period," to be based "upon a demonstrable increase in the costs of performance hereunder, but shall be based upon a demonstrable increase in the costs of performance hereunder, but such costs shall not include the increased capitalization of the Seller's system." See Brief Appendix C, customer ## 3 & 7; *7/30/26 KAWC response to 1 GMWSS 07 – Attachments 1 & 2 (¶C.5)*.

[11] See Brief Appendix C, customer ## 3 & 7; *6/26/26 KAWC response (Rea) to 2 PSC DR 19; 7/30/26 KAWC response (Rea) to 1 GMWSS DR 07 & 08.b;* and sub¶ b, below

b. Effective 9/11/96, the KAWC base volumetric SFR rate was $1.73404/Tgal.[12] In KAWC's next three general rate cases, the SFR rate increased to $1.96602/Tgal. (eff. 11/27/00),[13] $2.15695/Tgal. (eff. 2/28/05),[14] and $2.68381/Tgal. (eff. 11/29/07).[15] Despite frequent intervening rate cases, this base SFR rate was "only" $4.9527/Tgal.[16] when KAWC filed its Case No. 2025-00122 Application and before the radical increase authorized in that case, effective 12/16/25.

c. The 10/19/99 Water Purchase Contract for Judy Water Association (with the city of North Middletown), is in the same form as the 11/7/05 and 11/19/03 Contracts with Harrison County WA and Nicholas County WD, including the provision for modification of rates every three years. *See Brief Exhibit 1 (Contract, ¶C.5) and Brief Appendix C, customer # 5.* It specifies a $1.95/Tgal. rate (Contract ¶B.1) and has a 45-year term (*id.* ¶C.1). The 11/6/24 Order on rehearing (Appx.B p.1) in KAWC's Case No. 2023-00191, nonetheless specifically authorizes the same rate to Judy WA as set for the SFR volumetric rate ($4.9527/Tgal.).

5. KAWC glossed over any effect that recognition of the actual, historic data in the base period update would have on its cost of service study.

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[12] Approved in Case No. 1995-554, in the 9/11/96 final Order, as corrected in the superseding 9/13/96 Order and amended in the 9/29/97 Order on rehearing (Appx.A).

[13] Approved in Case No. 2000-120, in the 11/27/00 final Order — as ultimately revised/corrected. see 5/18/01 *nunc pro tunc* Order (Appx.A)).

[14] Approved in Case No. 2005-00103, in the 2/28/05 final Order (Appx.A).

[15] Approved in Case No. 2007-00143, in the 11/29/07 final Order (Appx.A), after the parties reached a settlement.

[16] See Case No. 2023-00191, 11/6/24 Order on rehearing (Appx.B). Appendix B expressly applies the $4.9527 per Tgal. volumetric rate to Judy Water Association. The Bulk Sales (through loading stations) volumetric rate approved was $4.00/Tgal.

a. KAWC has assumed effectively zero test-year wholesale usage by Georgetown Municipal. *10/13/26 HVT 4:03:20–4:04:00 (Rea)*; *10/30/26 KAWC response (Rea) to GMWSS phDR 02.b* (showing minimal usage).

b. KAWC maneuvered its calculation of revenue requirement so that despite the full 12 months of historical data in the base period update (*versus* 6 months of actuals in the base period at the 5/15/26 Application filing), the resulting difference was only $14,806. KAWC labels this as "very de minimis" and that it would "be unduly burdensome to rework all the values in this case for that *de minimis* amount." *10/30/26 KAWC response (Watkins) to AG phDR 01*. With its interest and focus on what it claims is a $17.7 million "revenue deficiency," KAWC ignores that a small overall difference may result from relatively offsetting shifts in revenue inputs, costs, etc. that might yield very different results in the allocation of costs among rate classifications and categories or significant changes in the respective rates.

c. If changes to the forecasted test year's Sales for Resale (SFR) billing determinates like usage do not require changes to the forecasted test period costs of providing service (see *10/30/26 KAWC Response (Rea) to AG phDR 04)*, then that indicates that additional gallons purchased by SFR customers in total have no associated costs increase to KAWC — and supports a conclusion that their single-block rate should be reduced or that declining block rates should be used for SFR category [17]

6. An indirect reliability test for KAWC's water sales projections is to compare the 2025 and 2026 rate-case Application Revenue Statistics tables (Application Exh.37, Sch. I-4) for five

[17] The improbability of there being no marginal costs for each additional gallon sold to SFR customers also exposes KAWC's *ad hoc* refusals to incorporate updated actual (historical) data to revise its projections and forecasts when that would lessen its claimed revenue requirement.

past calendar years 2020-2024, Base Period, Forecasted Period, and three projected calendar years, plus those Application's three-year customer and water sales forecasts (Application Exhs. 25 & 26), to each other and to KAWC's CY 2024 and 2025 Annual Report. For convenience, these documents are gathered in the attached Brief Exhibit 3.

a. As to KAWC's sales to SFR customers, its Case No. 2025-00122 and Case No. 2026-00094 base period (half projected), forecasted period, and projected 2026-29 volumes were all less than the actual usage on the 2024 and 2025 Annual Report — 431,080 and 433,434 Tgals., respectively. *Compare* Brief Exh.3 pp. 3 & 6 *with* pp. 7 & 8.

b. KAWC's persistent projection of for its SFR usage forecasted test year below the 2024 and 2025 actual levels (see sub¶ a, above), both increases the apparent revenue requirement deficiency for this customer category and requires a higher volumetric rate to recover a given allocated revenue requirement. As an added incentive to KAWC to engage in these biased projections, revenues from future usage more in line with historic patterns or like that of Georgetown Municipal in February-March 2026 — *i.e.* higher than its forecasts — will create a windfall to KAWC.

c. In the 2024 and 2025 Annual Reports filed by KAWC with the Commission (see Brief Exh.3 pp.), the totals for SFR usage in both years (431,080 and 433,434 Tgals., respectively) are more than 1.4 times greater than the 303,242,000 gallons included in KAWC's base period update and reflected in its forecasted test period (*10/30/26 KAWC response (Rea) to AG phDR 05)*.

d. Neither the 2025 nor the 2024 Application Exhs. 26 & 27 (see Brief Exh.3 pp. 1-2, 4-5) showed growth in SFR usage volumes or customers for projected years; however, other customer categories were consistently projected to have usage growth and (somehow)

the no-growth SFR usage level projected for 2027 and 2028 shifted upward between the 2025 and 2026 rate cases.

7. KAWC's cost-of-service study overstates its minimal cost to provide wholesale service to Georgetown Municipal, particularly as to each additional gallon of usage.

   a. There is no basis for a wholesale rate "to be higher than an end-use rate, when the end-use … water has to … be produced, go through a transmission system, and a distribution system before it ultimately reaches [end-use] customers." *10/13/26 HVT 2:17:12– 2:17:30 (Chandler)*; see also *10/13/26 HVT 11:24:57–11:27:05 (Rea)*.

   b. KAWC's cost-of-service study in this case allocates expenses for the variable cost of water totaling $13,689,474 to 13,277,021,500 gallons total sales volume forecast for the 2007 forecasted test year. This yields a variable cost of water $1.0310651.[18]

   c. Given how Georgetown Municipal uses KAWC water as an SFR customer (not solely its purpose of purchasing it for resale) — its purchases of wholesale water from KAWC are ancillary to its own production of water and supply from the Frankfort Plant Board and are on an as-available (to KAWC) basis — its rate should not include such a significant portion of KAWC's fixed costs. *10/13/26 HVT 2:10:00– 2:11:51 (Chandler)*.

   d. To the extent that the category (as a whole) of Sales for Resale customers has use characteristics like Georgetown Municipal's, then the entire class has been allocated far too much fixed cost in KAWC's cost-of-service studies,[19] and so the class rate should be reduced below the $7.1173/Tgal. that KAWC <u>now</u> proposes as the SFR volumetric rate.[20] The record evidence about other wholesale customers' usage is insufficient to

[18] *5/15/26 Application Exh.36 (cost of service study)* pp. 3, 15 of 18.
[19] *10/13/26 HVT 2:11:52-2:14:05 (Chandler)*.
[20] See Appendix B; *10/30/26 KAWC Response (Rea) to PSC phDR 11*.

distinguish them from Georgetown Municipal,[21] and, thus, they all should get a lowered rate (below $7.1173/Tgal.). At the least, however, Georgetown Municipal — which has provided record evidence that KAWC's costs of serving it are marginal[22] — should be charged a wholesale volumetric rate no higher than the $2.25/Tgal. that was extended for so many years to Harrison County WA and is still made available to Nicholas County WD.[23] Other Sales for Resale customers receiving interruptible, as-available service sufficiently like that for Georgetown Municipal would also be eligible for the same lower rate — as a subcategory of SFR customers.

8. KAWC's rate structure recovers fixed costs through meter charges, but depends heavily on recovery through the volumetric rates

   a. Meter/service charges recover the calculated meter-related cost plus a portion of other fixed costs of providing service (including distribution and transmission infrastructure costs); that is, meter charges exceed the calculated meter-related cost. *10/30/26 KAWC response (Lewis) to PSC phDR 05.a; Tariff P.S.C. Ky. No. 11 Orig. Sheet No. 3.* The percentage by which KAWC's proposed meter charges exceed the fixed costs included in its meter cost calculation increases with the size of the meter; the percentage is between 35% and 40% for the 4"–8" meter sizes. *10/30/26 KAWC response (Lewis) to PSC phDR 05.b*.

[21] *10/13/26 HVT 2:10:00-2:11:51 (Chandler)*. KAWC's attempt to distinguish Georgetown Municipal on the basis of terms in the 1999 Agreement is spurious. See *Appx. C* (summary of wholesale arrangements, including inconsistencies between terms in the written agreements — which may or may not be active or enforced — and both KAWC Annual Report data and how KAWC treats the customer.

[22] See ¶6 above. Also see *9/10/26 GMW response (Chandler) to 1 PSC 02.e*.

[23] *10/13/26 HVT 2:17:06–2:17:30 (Chandler)*.

b. KAWC's estimated variable costs of $13.6 million are only approx. 8% of its claimed revenue requirement. KAWC proposes to recover approx. 68% of its claimed revenue requirement through its volumetric charges; its proposed volumetric rates are designed to recover all the variable costs and "additional fixed costs." *10/30/26 KAWC response (Lewis) to PSC phDR 05.c*. Yet, by definition, fixed costs do not vary with how much water customers use. A revenue shortfall develops; because fixed costs were embedded in volumetric rates, lower sales produce lower revenues without a corresponding reduction in the costs those revenues were intended to recover. *See also 9/10/26 GMWSS response (Chandler) to 1 PSC 7.b.*

9. KAWC apparently allows <u>some</u> customers taking volumes of water through individual meters "such as developers requesting hydrant meters" to receive the favorable Bulk Sales Rate of $5.5892 per thousand gallons, a tariffed rate expressly provided for the service of "bulk sales of water <u>through loading stations</u> … at locations deemed appropriate" by KAWC,[24] and has included the Service Classification#1 proposed meter charges[25] to forecast revenue and recover the revenue requirement allocated to 2027 Bulk Sales. *10/30/26 KAWC response (Rea) to GMWSS phDR 04.*

   a. KAWC forecasts an average of 62 meters each month for such customers "taking short term, bulk delivery" of water other than at loading stations. *10/30/26 KAWC response (Rea) to GMWSS phDR 04.a-b.*

   b. The allocated cost of service to Bulk Sales ($160,670)[26] is forecasted to be fully recovered through the proposed <u>increased</u> meter charges on those individual-meters

[24] *P.S.C. Ky. No. 11, Orig. Sheet No. 43* (emphasis added).
[25] *5/15/26 Application Exh.02* p.31 (P.S.C. Ky. No. 12, 1st Rev'd Sheet No. 29).
[26] *5/15/26 C. Rea Direct Testimony*, p.30 (Table 3, summarizing cost of service analysis), results for Bulk Sales.

customers and a decreased volumetric rate on projected "Bulk Sales" usage. *10/30/26 KAWC response (Rea) to GMWSS phDR 04 page 2* (showing calculations); *7/30/26 KAWC response (Rea) to 1 GMWSS 11.a.*

c. KAWC's forecasted revenue from these favored customers at the proposed increased meter charges led to the proposed volumetric charge for Bulk Sales being reduced (by approx. 15.2%[27]) to $ 4.7387 per thousand gallons. *10/13/26 HVT 4:20:57-4:24:08 (Rea); 7/30/26 KAWC response (Rea) to GMWSS DR 11.a.* Without the revenues attributed to the individual-meter charges, the Bulk Sales usage rate would have to be $23.4827 per thousand gallons on the 6,839,000 forecasted "Bulk Sales" volumes to recover the $160,675 allocated cost of service. *10/30/26 KAWC response (Rea) to GMWSS phDR 04.c and page 2* (showing calculations).

d. Bulk Sales is a "vending machine" arrangement for selling water in bulk at KAWC-approved loading stations. In the existing tariff and as proposed, customers come to a set location, prepay, and receive water. *P.S.C. Ky. Tariff No. 11 & No. 12, Orig. Sheet No. 43*. In contrast, under Service Classification No. 5 (*id.* Orig. Sheet No. 35), the water is delivered to the customer's location through a meter "installed on a fire hydrant or on a temporary service connection for construction, street washing, pool filling, and similar purposes…." The customer is to pay in advance the monthly service fee,[28] based on the meter size (under Service Classification No.1, *id.* Orig. Sheet No. 29); any water taken "shall be billed at the meter rate schedule." (*Id.* Orig. Sheet No. 35). The "meter rate" schedule is part of Service Classification No.1 and depends on the use or identity

[27] 4.7387-5.5892/5.5892 = -0.152168 = -15.2%.

[28] The tariff may allow KAWC to choose between requiring payment of the monthly service fee in advance or that "a meter deposit be made." *See P.S.C. Ky. Tariff No. 11 & No.12, Orig. Sheet No. 35.*

of the customer.[29] The Bulk Sales tariff requirement that customers prepay for the volume of water taken is perfectly sensible for the "vending machine" arrangement, but impractical for open-ended metered use.

10. Although KAWC has claimed a number of justifications for its proposal to reduce the per-hydrant charge to public authorities,[30] the motivation comes down to facilitating further acquisitions.

    a. The public good nature of fire protection service is already recognized in that no charge is made to the fire-protection customer (private or public) for the water used to fight the fires, and associated costs are already allocated to (subsidized by) other KAWC customers in their category usage charges. *10/30/26 KAWC response (Lewis) to PSC phDR 05; Tariff P.S.C. Ky. No. 11, Orig. Sheet No. 33.* The public good is likely to be localized — with no particular benefit to those in central Kentucky from subsidizing fire protection in Bell and Hickman Counties — and any that exists is not confined to public vs. private fire protection. For a locality, public fire protection is already supported by the local citizenry and residents through taxes and fees.

    b. All rates should be better aligned with actual costs incurred and nearly all service classifications rely "on infrastructure that is incorporated into the overall water system" (*5/15/26 Burton Testimony* pp.8-9), and there is no evidence that contribution toward common costs in hydrant fees "places a disproportionate burden on local governments"

[29] Thus, the volumetric rate for "pool filling" may depend on whether the pool is at a residence (Residential category) or operated by a private county club (Commercial category) or a local government (OPA category).

[30] *See 5/15/26 R. Burton Direct Testimony* pp.8-9; *5/15/26 W. Lewis Direct Testimony,* pp.36-38; 5/15/26 C. Rea Direct Testimony pp. 33-35.

(*5/15/26 Lewis Testimony* p.37) or that hydrant fees should reflect only direct costs (*5/15/26 Rea Testimony* pp. 33-34).

c. This leaves the cited reason that "hydrant fees can discourage municipalities [from] entering into acquisition agreements with KAWC" (*5/15/26 Lewis Testimony* p.37) or "create financial barriers that hinder or prevent municipal participation in water system acquisitions" (*5/15/26 Rea Testimony* p.36).

Comparisons are between the existing tariff on file with the PSC as of 11/1/26 (P.S.C. Ky. No. 11), and the tariff proposed by KAWC in Case No. 2026-00094 (P.S.C. Ky. No. 12), *5/15/26 Application Exhibit 02*.

Reference to QIP charges are to charges shown in the existing tariff as DELETED (Orig. Sheet Nos. 48-49); to SIP charges, are to the proposed tariff, added as Orig. Sheet Nos. 48-50.

Category*	**existing^**	**proposed^†**	**Tariff Notes°**
Metered general Service/ *Class.1* • *Residential • *Commercial • *Industrial • *Other Public Authority (OPA)	• 7.8656 • 8.0066 • 7.0849 • 8.0347	• 9.4547 • 9.6242 • 8.5162 • 7.8881	1st Rev'd Sheet No. 29 All *Class.1* (including SFR): *Class.6* charges (taxes and KRA) applied; QIP charges were and SIP charges are to be applied
*Other Water Utilities-wholesale • SFR / *Class.1* • *Off-Tariff*: ○ Harrison County WA[1] ○ Nicholas County WD	• 8.3091 • 2.25	• ~~8.7371~~ **7.1173**[1] • 2.25	1st Rev'd Sheet No. 29 (SFR); see *Class.1* notes above; Tariff does not require a contract *Off-Tariff*: contracts cited[2]
*Bulk Sales/ *no classification* • Loading station • *Off-Tariff*: some customers taking "short term, bulk delivery"[3]	• 5.5892 • 5.5892	• 4.7387 • 4.7387	Orig. Sheet No. 43 • no meter charges • meter charges no *Class.6* charges (taxes and KRA); no SIP charges (proposed) to be applied

[1] In its *10/30/26 response to PSC phDR 11 (Rea)*, KAWC announced the execution of a Consolidated and Restated Water Purchase Agreement with Harrison County WA under which the contract purchase rate is to be the tariff rate. As a result of adjusting forecasted revenue to be at the tariff rate (existing and proposed), "the proposed Sale for Resale rate in this case decreases to $7.1173 per thousand gallons." (*Id.* p.2, emphasis added).

[2] Contracts are not unique to these two wholesale customers of KAWC (*see* Appendix C); however, contracts signed by these two water distribution entities were identified as the reason they are not taking "service under normal Sales for Resale rates" and have "rates determined outside of the normal rate case process." *See 7/30/26 KAWC response (Rea) to GMWSS DR 7.*

[3] *See 10/30/26 KAWC response (Rea) to GMWSS phDR 04.a.* The example given of such customers is "developers requesting hydrant meters," *id.*, as contemplated in *Class.5*, rather than through loading stations as expressly stated as to Bulk Service.

KEY:

* Category with a row in the Table 3 summary of KAWC's cost of service analysis, *5/15/26 Direct Testimony of Charles Rea* p.30.

†Proposed rates in blue are unchanged from existing rates; in red, are decreased.

* Existing and proposed rates are per 1000 gals. (Tgal.) unless otherwise noted.

° Tariff Sheet numbers are from the existing tariff, but are also the same number in the proposed tariff, unless otherwise noted.

Category*	**existing^**	**proposed^†**	**Tariff Notes°**
Fire Protection - hydrant/ *Class.4* • *Private • *Public	per hydrant per month • 120.00 • 75.00	per hydrant per month • 120.00 • 11.53	Orig. Sheet No. 33: no volumetric charge; no *Class.6* charges (taxes and KRA); QIP charges were and SIP charges are to be applied
Construction, etc./ *Class.5* • temporary service connection • *Off-Tariff*: some given Bulk Service rates	• "at the meter rate schedule"[4] • 5.5892	• "at the meter rate schedule"[4] • 4.7387	Orig. Sheet No. 35 no *Class.6* (taxes and KRA) charges; QIP charges (past) and SIP charges (proposed) follow volumetric classification
former Water Serv. Corp. (Bell and Hickman Counties/ *Class.2* • 1st 100,000 gals. • All over 100,000 gals. • Wholesale	• 6.855 • 4.730 • 2.489	unclear; *Class.2* rates became effecttive 6/1/26, after KAWC 5/15/26 Application filed	2nd Sheet No. 30 meter/service charges based on meter size; there are non-volumetric charges for fire protection[5]
former Livingston Muni. Water / *Class.2.1* Minimum Bill (2000 gals.) • inside city • outside city All over 2000 gals. • inside city • outside city	Minimum • 29.74/mo. • 31.42/mo. > 2000 gals. • 11.11 • 11.11	DELETED; rates prop'd to be unified	Orig. Sheet No. 30.1

[4] "Meter rates" are the usage/volumetric rates listed — by Customer Category — for *Class.1* service (Orig. Sheet No. 29). Thus, the rate charged should be different depending on how KAWC categorizes the customer.

[5] Existing per-hydrant charges are lower than than under *Class.4* (Orig. Sheet No. 33) for public and private system, even with the "Ambleside Private Fire Surcharge."

KEY:

* Category with a row in the Table 3 summary of KAWC's cost of service analysis, *5/15/26 Direct Testimony of Charles Rea* p.30.

†Proposed rates in blue are unchanged from existing rates; in red, are decreased.

* Existing and proposed rates are per 1000 gals. (Tgal.) unless otherwise noted.

° Tariff Sheet numbers are from the existing tariff, but are also the same number in the proposed tariff, unless otherwise noted.

Category*	**existing^**	**proposed^†**	**Tariff Notes°**
Fire Protection - service connection / *Class.3*	per month, by diameter 14.00–891.50[6]	per month, by diameter 14.00–891.50[6]	Orig. Sheet No. 31

[6] Rates are significantly below the *Class.1* monthly service charges for same-size meter diameters and include diameter sizes greater than 8 inches (the *Class.1* maximum meter size). *Compare* Orig. Sheet Nos. 29 and 31.

KEY:

* Category with a row in the Table 3 summary of KAWC's cost of service analysis, *5/15/26 Direct Testimony of Charles Rea* p.30.

†Proposed rates in blue are unchanged from existing rates; in red, are decreased.

* Existing and proposed rates are per 1000 gals. (Tgal.) unless otherwise noted.

° Tariff Sheet numbers are from the existing tariff, but are also the same number in the proposed tariff, unless otherwise noted.

Wholesale Arrangements

Information is from three main sources: the existing tariff on file with the PSC as of 11/1/26 (P.S.C. Ky. No. 11), Annual Reports filed by KAWC with the PSC, and written agreements produced by KAWC in response to data requests in this proceeding or available from the PSC's records as part of its *Current Tariffs* library for KAWC in the *Contracts* folder.[1]
There is no evidence of record that any of the Agreements listed below remain in effect and are being enforced by the parties thereto or that any have been approved by the Commission, even if in its *Current Tariffs* library.
The 10 numbered Customers are identified on KAWC's 2025 Annual Report p.61 as having a "water sales contract" with KAWC.

Customer	Rates ($)	2025 Annual Report	Agreement
Tariff, 1st Rev'd Sheet No. 29: Metered general Service/ *Class.1* — Sales for Resale (SFR)	8.3091/Tgal.[2] Monthly service charge as a function of meter size	2025 total SFR: • 17 customers at beginning of year; 16 at end[3] • 433,434 Tgals. used • $2,329,635 total revenue	tariff does not require a written agreement or special contract
1. East Clark County Water District	8.3091/Tgal. (tariff rates)	206 Tgals. used 2.1 Tgals./day maximum quantity KAWC under contract to provide	7/29/03 Agreement ¶1: 2.1 Tgals. per day cap ¶4: rates as in filed and approved tariff ¶11: 20-year term, with customer option to extend
2. Georgetown Municipal Water and Sewer Service	8.3091/Tgal. (tariff rates)	5,442 Tgals. used (*av.= 14.9 Tgals./day*) 950 Tgals./day maximum quantity KAWC under contract to provide	NO wholesale Agreement on file and none setting max. or min. has been identified Emergency Connection Agreement produced by KAWC[4] ¶1: 10 year term, w/ either party's option to not renew ¶8: purchase rates at KAWC tariff[5] / GMWSS rates schedule (missing)

[1] Note: Not all agreements in the KAWC *Contracts* folder are about wholesale supply; for example, the only agreement with GMWSS listed is a 2001 one for billing, collection, and accounting as to GMWSS sewer customers who are KAWC water customers.

[2] NOTE: *Class.6* charges (taxes and KRA) applied; SIP charges are proposed to be applied

[3] 2025 Annual Report, Water Operating Revenue, p.55. These customer numbers exceed the 10 entities listed as KAWC wholesale customers for individual sales and contract information in the 2025 Annual Report (pp.60-62). KAWC might be counting each separate wholesale account with a single entity as a "customer."

[4] *7/30/26 KAWC response GMWSS DR 12* — Attachment 1, signed in May 1999, but otherwise undated.

[5] In May 1999, the SFR rate for KAWC was ., approved in the 9/11/96 final Order, as corrected in the superseding 9/13/96 Order and amended in the 9/29/97 Order on rehearing (Appx.A), in Case No. 1995-554. The next KAWC general rate adjustment case was No. 2000-120, in which the 11/27/00 final Order

Customer	Rates ($)	2025 Annual Report	Agreement
3. Harrison County Water Association	2.25/Tgal.[6] (off-tariff) 8.3091/Tgal. eff. 10/28/26	85,686 Tgals. used (*av.* = *234.7 Tgals./day*) 150 Tgals./day maximum quantity KAWC under contract to provide	*SEE* details of 11/12/00, 11/7/05, and 10/28/26 agreements in the separate table for Harrison County WA at p.5, below
4. Jessamine South Elkhorn Water District	8.3091/Tgal. (tariff rates)	15,921 Tgals. used 1152 Tgals./day maximum quantity KAWC under contract to provide	2/25/86 Agreement[7] ¶¶1-2 sets av. and max. gallons per minute caps for each connection pt. ¶7: subject to filed and approved tariff, including rates ¶9: 40-year term, with customer option to extend ¶10: KAWC right of 1st refusal to purchase all of District's assets
5. Judy Water Association	8.3091/Tgal. (tariff rates)	57,563 Tgals. used (*av.* = *157.7 Tgals./day*) 70 Tgals./day maximum quantity KAWC under contract to provide	?10/19/99 Water Purchase Contract[8] between Judy WA and the city of N. Middletown (Seller), w. Addendum[9] ¶A.1: max. volumes = 2100 Tgals. per month, 70 Tgals. per day ¶¶B.1/C.5/C.16: rate = $1.95/Tgal. subject to modification every 3 years and pass-through of KAWC price increases to N. Middletown ¶C.1: 45-year term ¶C.4: firm delivery Addendum A provides for an "excess usage fee" of 4x the usage rate (¶B(2)) and restricts to whom Judy WA may resell the water (¶E)

approved an SFR rate — as ultimately revised/corrected — of $1.96602/Tgal. (see 5/18/01 *nunc pro tunc* Order (Appx.A)).

[6] *7/30/26 KAWC response (Rea) to GMWSS DR 7* ($2.25/Tgal. volumetric rate charged to Harrison County WA and Nicholas County WD).

[7] Purchaser is "Lexington South Elkhorn Water District," a former name of Jessamine South Elkhorn Water District.

[8] This 10/19/99 contract is in the same form (referencing USDA Rural Development above the title), as the 11/7/05 and 5/12/99 Water Purchase Contacts between Millersburg and Harrison County WA and Nicholas County WD provided by KAWC as *7/30/26 KAWC response to GMWSS DR 7 – Attachment 2 and 3,* respectively, including providing for rate modification at the end of every three years (¶ C.5), except that the 5/12/99 contract term is for 45 years (¶ C.1).

[9] 10/19/99 Water Purchase Contract with Addendum attached as GMWSS post-hearing Brief Exh. 1.

Customer	Rates ($)	2025 Annual Report	Agreement
6. Midway, City of	8.3091/Tgal. (tariff rates)	110,871 Tgals. used **unlimited** quantity that KAWC under contract to provide	5/13/85 Agreement[10] ¶4: all-requirements contract; City to retire existing treatment and pumping plant; rates as adjusted by the PSC ¶5: 40-year term; KAWC right of 1st refusal to purchase all of District's assets
7. Nicholas County Water District	2.25/Tgal.[11] (off-tariff)	597 Tgals. used (*av.= 49.75 Tgals./month*) 1500 Tgals./month maximum quantity KAWC under contract to provide	?11/19/03 Water Purchase Agreement[12] between Nicholas County WD and the city of Millersburg (Seller)[13] ¶A.1: min. purchase to average 20 Tgals./day; supply max. average up to 40 Tgals./day
8. Nicholasville, City of	8.3091/Tgal. (tariff rates)	139,072 Tgals. used (*av.= 381.0 Tgals./day*) 650 Tgals./day maximum quantity KAWC under contract to provide	NONE in PSC library with KAWC; there are library contracts for Nicholasville as Seller
9. Peaks Mill Water District	8.3091/Tgal. (tariff rates)	17,927 Tgals. used (*average =49.1 Tgals./day*) 5 Tgals./day maximum quantity KAWC under contract to provide	12/19/03 Agreement located in the PSC contracts folder for KAWC ¶1: 5.0 Tgals. per day cap ¶4: rates as set in filed and approved tariff ¶11: 20-year term, with customer option to extend

[10] 5/13/85 Agreement attached as GMWSS post-hearing Brief Exh. 2.

[11] *7/30/26 KAWC response (Rea) to GMWSS DR 7* (volumetric rate charged to Harrison County WA and Nicholas County WD).

[12] *7/30/26 KAWC response to GMWSS DR 7 – Attachment 3*. This Agreement between the city of Millersburg and the Nicholas County WD specifies a volumetric rate of $2.25/Tgal. and attaches a Millersburg tariff page stamped by the PSC as effective 8/6/03 showing that rate as the "new tariff rate". *Id.* pp.12 and 14. The tariff page states an "old rate" for Nicholas County WD ($1.65/Tgal.), indicating a prior arrangement dating back to at least 2003.

[13] This 11/19/03 Contract is in the same form (referencing USDA Rural Development above the title), as the 11/7/05 Water Purchase Agreement between Millersburg and the Harrison County WA provided by KAWC as *7/30/26 KAWC response to GMWSS DR 7 – Attachment 2*, including providing for rate modification at the end of every three years (¶ C.5), except that the 11/19/03 Contract term is for 40 years (¶ C.1) and the Millersburg tariff page Commission-stamped as effective 8/3/03 is attached.

Customer	**Rates ($)**	**2025 Annual Report**	**Agreement**
10. Versailles, City of	8.3091/Tgal. (tariff rates)	149 Tgals. used (*average =0.41 Tgals./day*) **unlimited** quantity that KAWC under contract to provide	8/25/75 Agreement[14] ¶2: supply of water considered supplemental or temporary ¶6: rates as approved by PSC; subject to minimum 2" meter charge ¶7: term limited to City's completion of planned upgrade to its facilities (est. 1 year)
Wholesale Customers (former) of Water Serv. Corp. (WSC) — *Class.2*[15]	2.489/Tgal. *Class.2* tariff rates incl. per-month service charge based on meter size	NOTE: first KAWC annual report including WSC wholesale statistics will be for CY 2026	a 1998 Water Purchase Contact is in PSC library for WSC,[16] with a 5-year term, $2.00/Tgal. rate,[17] and a cap of 200 Tgals./day

[14] *10/30/26 KAWC response (Lewis) to GMWSS phDR 01 – Attachment*; KAWC references in its response to 01.a, but does not provide, a "16-inch water main extension project agreement," which it claims includes a minimum delivery capacity of 3000 Tgals./day.

[15] KAWC service and rates to former WSC customers became effective 6/1/26, *see* P.S.C. Ky. No. 11, 2nd Sheet No. 30; adopted from Water Service Corp. of Ky., Tariff PSC KY No. 12, Sheet No. 38 (eff. 4/12/23).

[16] Contract is between Utilities of Kentucky/Aqua/KWS Inc. (of Bell County, Ky.) as Seller and the Pineville Utility Commission as Purchaser.

[17] Taxes are surcharged, and there is a $0.10/Tgal. penalty charge for usage over the 200 Tgals./day maximum.

Harrison County Water Association (HCWA) arrangements

Agreement	Seller	Terms	Notes
11/12/00 Agreement[18] *7/30/26 KAWC response to 1 GMWSS DR 07 – Attch.1*	KAWC	KAWC tariff rates (¶4)[19] 150 Tgals. max./day Seller obligation (¶1) 40-year term (¶11) KAWC to file as special contract with PSC (¶12)	¶3: KAWC to make investment for meter, vault and approx. 2500' line; HCWA water purchases in 1st 3 years to equal investment ¶9: Acquirer of KAWC's serving assets to be bound to Agreement
11/7/05 Water Purchase Contract[20] *7/30/26 KAWC response to 1 GMWSS DR 07 – Attch.2*	Millersburg, city of	$2.25/Tgal. water (¶B.1), subject to modification every 3 years (¶C.5) 40 Tgals./day (av.) Seller obligation (¶A.1) 20 Tgals./day (av.) minimum purchase obligation (¶A.1) 15-year term, with renewal by agreement of HCWA and Seller (¶C.2)	¶A.2: existing 6" supply main ¶A.4: successor to Seller succeeds to rights of Seller ¶C.7: successor to HCWA succeeds to rights of HCWA
10/28/26 Consolidated and Restated Water Purchase Agreement *10/30/26 KAWC response to PSC phDR 11 – Attch.1*	KAWC	KAWC tariff rates (¶1) 221.0 Tgals./day max. purchase allowance[21] (¶1); 80.5 Tgals./day minimum purchase obligation (¶1) term/duration to 12/31/2070 (¶15)	¶16: supersedes all prior agreements, incl. those dated 11/12/00 and 11/7/05 ¶20: notices to be written and sent by personal delivery or by overnight courier service

[18] *7/30/26 KAWC response (Rea) to GMWSS DR 7* – Attachment 1. This Agreement specifies that the volumetric rate is "at the approved and published tariffs of [KAWC] as the same may change from time to time…." *(id. p.3 ¶4).*

[19] On the Agreement date (11/12/00), the base volumetric SFR rate for KAWC was $1.73404/Tgal., approved in the 9/11/96 final Order, as corrected in the superseding 9/13/96 Order and amended in the 9/29/97 Order on rehearing (Appx.A), in Case No. 1995-554. The next KAWC general rate adjustment case was No. 2000-120, in which the 11/27/00 final Order approved an SFR rate — as ultimately revised/corrected — of $1.96602/Tgal. (see 5/18/01 *nunc pro tunc* Order (Appx.A)).

[20] *7/30/26 KAWC response to GMWSS DR 7* – Attachment 2. This Agreement is between Harrison County WA and the city of Millersburg; the $2.25/Tgal. rate is mentioned at *id.* p.9.

[21] This is not phrased as a hard cap, but as a permissive daily volume (split between three delivery points). Any usage in excess of the daily maximum volume is simply charged at the SFR rate. 10/28/26 Agreement ¶1.

Position 5

Form RD 442-30
(Rev. 10-96)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

FORM APPROVED
OMB NO. 0575-0015

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the _____ day of October, 1999, between the City of North Middletown, 223 Church Street, P.O. Box 69, North Middletown, Kentucky 40357, a municipal corporation of the Commonwealth of Kentucky of the Fifth Class of Bourbon County, Hereinafter referred to as the "Seller" and the Judy Water Association, Inc, 5031 Maysville Road, Mt. Sterling, Kentucky 40353, Hereinafter referred to as the "Purchaser".

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Chapter 273 of the Code of Kentucky Revised Statutes, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity capable of serving the present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

Whereas, by a Resolution of the Seller enacted on the 17th day of August, 1999, by the Seller, which (1) approved the sale of water to the purchaser in accordance with the provisions of this contract and (2) authorized the execution of this contract by the Mayor, and attested by the City Clerk.

Whereas, by Resolution of the Purchaser, enacted on the 19 day of October, 1999, by the Purchaser which (1) approved the purchase of water from the seller in accordance with the provisions of this contract and (2) authorized the execution of this contract by the Chairman of the Board of Judy Water Association, Inc. and attestation by the Secretary;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Division of Water, Kentucky Cabinet for Natural Resources and Environmental Protection in such quantity as may be required by the Purchaser not to exceed 2,100,000 gallons per month, at the rate of seventy thousand (70,000) gallons per day, as set forth in the attached Addendum A to Water Purchase Contract, incorporated herein by reference.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at approximately thirty (30) psi from existing eight (8") inch and six (6") inch main supplies at points located as set forth in the attached Addendum A to Water Purchase Contract incorporated herein by reference.
If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power

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Exhibit 1

failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Meter Reading) Seller is responsible for reading metering devices. The metering equipment shall be read on a monthly basis. An appropriate official of the Purchaser at all reasonable times shall have access to its meters for the purpose of verifying their reading.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 10th day of each month. with an itemized statement of the amount of water furnished to the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 20th day of each month, for water delivered at the rate of One Dollar and Ninety Five Cents ($1.95) per 1,000 gallons.

2. (Connection Costs) To be responsible for all costs incurred in making all of the connections between the water distribution system of the purchaser and the seller.

3. (Metering Equipment) To be responsible for the obtaining of all real property and easements for purposes of installation, operation and maintenance of its equipment as contained herein. To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Seller but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate.

The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the past twelve (12) months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount.

C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 45 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That 30 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser, the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's

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consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification from time to time. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance by the seller as indicated by a cost of service study utilizing any methodology generally acceptable in the potable water industry. No increase or decrease shall be effective unless agreed to by the parties hereto or approved by the Public Service Commission of the Commonwealth of Kentucky.

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in the Commonwealth of Kentucky and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through Rural Development of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of Rural Development.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights and obligations of the Purchaser hereunder.

9. (Non-Discrimination) Without Regard to any other provision of this Water Purchase Contract, for the purpose of avoiding any aspect of illegal discrimination, it is mutually agreed by the Seller and the Purchaser that the Purchaser, in any event, shall not be charged a water rate lower than the water rate charged any other independent water district supplied by the City of North Middletown, Kentucky.

10. (Pledge) This contract is pledged to the Rural Utility Service as part of the security for a loan or loans that may be made to the Purchaser.

11. (Sale) The parties hereto are aware of, recognize, and have taken into account the potential sale of the Water Distribution System of Seller to Kentucky American Water Company, a Kentucky Corporation, which is a utility regulated by the Commonwealth of Kentucky Public Service Commission. Purchaser agrees to abide by all rules, regulations, tariffs, and other conditions relating to Seller's purchase of water from Kentucky American Water Company, and to agree to same if and when the Water Distribution System of Seller is transferred to Kentucky American Water Company.

12. (Successors in Interest) In the event that all or any part of the water works plant and facilities of Seller which are used in meeting its obligations under this Agreement are acquired by any other entity, then and in that event Seller shall be relieved of all its obligations hereunder and, in such event, this agreement shall be binding upon the successor entity making such acquisition.

13. (Disclaimer) It is understood and agreed between Purchaser and Seller that Seller does not, by this Agreement, undertake or contract to provide fire protection for those individuals, partnerships and corporations to whom Purchaser is going to sell water furnished by Seller. Purchaser acknowledges that it is fully aware that if its customers desire fire protection or sufficient quantities of water for fire extinguishment, that it must provide the same by the construction and maintenance of appropriate facilities to render such a service and protection.

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14. (Check Valves) Purchaser will install, at its sole expense, appropriately approved check valves which Purchaser must certify to Seller as approved, and which must be inspected by a certified plumber annually and certified in writing to Seller as then currently approved and properly working, all at the cost of Purchaser.

15. (Pressure) Seller shall endeavor to maintain a minimal water pressure of thirty (30) PSI at the metered connections for the maximum delivery rates specified under this agreement; however, Seller's obligation to supply water pursuant to this agreement is solely an obligation that it shall undertake to use reasonable care and diligence in order to prevent and avoid interruptions and fluctuations in the supply of water agreed to herein. Seller can not and does not guarantee, covenant or warrant that interruptions or fluctuations will not occur, or that because of emergencies due to breaks, leaks, defects, construction or necessary repair in its facilities, or caused by fires, strikes, acts of God, or other causes, there may not be periods during which the supply of water may be curtailed or interrupted. In the event of such interruptions or fluctuations, no liability of any nature shall be imposed upon Seller.

16. (Purchased Water Adjustment) Seller shall be allowed to "pass through" to Purchaser, all increases in price from its supplier, Kentucky American Water Company, and the parties agree that the provisions of 807 KAR 5:068, as now or may be in effect, (and if repealed, the most recent regulation governing the subject matter, unless replaced by another regulatory scheme, which shall then apply), "Purchased Water Adjustment for Water Districts and Water Associations" shall apply to this clause of this Agreement, and that Seller and any successor as set forth herein shall be determined to be, for purposes of that regulation, the Water District or Water Association as set forth therein.

In witness whereof, the parties hereto, acting under authority of their respective bodies, have caused this contract to be duly executed in two (2) counterparts, each of which shall constitute an original.

Seller:
City of North Middletown

By _____
Bobby Lutes

Title: Mayor

Attest:
Betsy Frazier, City Clerk

Purchaser:
Judy Water Association

By _____
President

Attest:
Charles P. Dale
Secretary

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ADDENDUM A

**TO WATER PURCHASE CONTRACT BETWEEN
CITY OF NORTH MIDDLETOWN (HEREIN THE "SELLER") AND
JUDY WATER ASSOCIATION, INC. (HEREIN THE "PURCHASER")**

DATED THE ___ DAY OF OCTOBER, 1999

A. Delivery of Water. The quantity of water to not be exceeded, Two Million One Hundred Thousand (2,100,000) gallons per month, shall be delivered by Seller at the rate of Seventy Thousand (70,000) gallons per day, which per day figure shall be the agreed upon quantity of delivery subject to the provisions of subsection B hereunder, rather than the monthly figure.

B. Exceeding, Maximum Quantity of Water. If the maximum quantity of water per day or per month to be furnished hereunder is exceeded in any twenty four (24) hour period, or calendar month, respectively, the Seller shall have the option of:

(1) Terminating the supply of water to the Purchaser at all delivery points for the remainder of the day or month in which the excess occurs; or

(2) Purchaser shall be charged an "excess usage fee" equal to four (4x) times the current minimum (dollar amount on maximum quantity usage) per thousand gallon charge under the general water rate schedule of Seller in effect at the time.

C. Delivery Points. The points of delivery shall be at the following locations:

(1) Master meter No. 1 shall be located approximately 2,500 feet north of the intersection of KY 627 and KY 57 on Highland Farms Property, and connect to an eight (8") inch line.

(2) Master meter No. 2 shall be located approximately 2,000 feet southwest of the intersection of US 460 and Stoney Point Road on the Douglas Witt property, and connect to a six (6") inch line.

(3) Master member No. 3 shall be located inside of the pump station, located on the North Middletown Elementary School property on KY 3364, and connect to a six (6") inch line.

The difference in the two (2) readings of master meter No. 1 and master meter No. 2 shall be added to the reading of master meter No. 3 for the total monthly bill. These readings must take place consecutively.

(4) A conventional below grade concrete master meter vault will contain a compound meter, strainer, swing check valve, gate valves, and a bypass line for emergencies.

D. Water Pressure at Delivery Points. The water pressure at the delivery points shall be a minimum pressure of thirty (30) pounds per square inch (30 PSI) provided, however, that the obligation of the Seller to maintain this minimum pressure shall be specifically conditioned and contingent on the Purchaser having in existence, and maintaining at all times, a "finished" water storage capacity equal to at least twenty four (24) hours current consumption, in the aggregate, of the Purchaser.

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E. Geographic Boundary of Service Area. The geographic boundary or area in which any water sold and supplied to the Purchaser by the Seller may be resold and/or furnished by the Purchaser to its customers, or anyone else, is specifically limited to only water users located on property which is adjacent to the Purchaser's waterline or across public roads in Montgomery and Bourbon Counties, Kentucky; this provision shall except those customers served by the City of North Middletown, or on property adjacent to or across public roads from the City of North Middletown lines in Bourbon County, Kentucky, which property shall have the option of service by the City of North Middletown or Judy Water.

Purchaser shall not sell or supply water supplied by Seller to users located anywhere outside of the above-described geographic area.

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AGREEMENT

THIS AGREEMENT, made and entered into this the 13th day of May, 1985, by and between KENTUCKY-AMERICAN WATER COMPANY, a Kentucky corporation with offices at 2300 Richmond Road, Lexington, Kentucky, hereinafter referred to as "Company," and the City of Midway, Kentucky, a municipality of the 5th class, hereinafter referred to as "City."

W I T N E S S E T H:

WHEREAS, Company is engaged in the business of operating a waterworks system in the City of Lexington, Fayette County, Kentucky, and contiguous counties, including parts of Woodford County, pursuant to Certificates of Public Convenience and Necessity issued to Company by the Public Service Commission of the Commonwealth of Kentucky, and

WHEREAS, City owns and operates a water treatment plant and associated distribution facilities, and

WHEREAS, City has determined that it is in the best interests of its citizens and customers currently served by the water treatment and distribution system owned by it for Company to be the exclusive source of potable water,

NOW, THEREFORE, the parties hereto do hereby agree as follows:

1. Company will install approximately 20,600 feet of 8 inch PVC water transmission main with associated meter installations and meters from an existing 8 inch transmission main of Company near the Fayette-Scott County line along Highway 421 to a point at the intersection of U.S. 421 and Winter Street near the

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Midway, Kentucky city limits to and connecting with an existing 6 inch main owned by City. The metering permit for all water delivered and sold thru this main to be installed shall be near its connection with the facilities owned by the City of Midway near th eintersection of U.S. 421 and Winter Street.

2. Company will install approximately 1,750 feet of 6 inch PVC transmission main from the facilities to be installed in numberical paragraph 1 above along Davistown Lane.

3. The estimated cost of construction and installation of all thefacilities mentioned above is thesum of $421,000. City has received approval of its application for a communtiy development block grant in thetotal amount of $229,200; $192,700 of which is for the construction and installation of the facilities mentioned above, $16,500 to cover City's costs of administration, and $20,000 for contingencies. The City is committed to the Company for the sum of $192,700 along with funds which have been committed from Midway College (5,000), individuals along the route ($12,000), and from City itself $11,400. These funds shall be paid to Company to the extent necessary to complete the project contemplated by this agreement. Payment to the Company will be made within twenty (20) days after receipt by the City of an itemized invoice for work completed to the date of the invoice. Company shall invest in the facilities an amount necessary to complete the construction and installation thereof, but in no event shall Company's investment exceed $199,000. In theevent the maximum contribution from Company does not adequately fund theproject, then and in that event, City will make available to Company such amounts of the $20,000 contingency funds as may be necessary to complete the project. If the total actual cost is less than $421,000, the difference between actual cost and $421,000

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shall be shared between the parties hereto on the basis of 50.8% to Company and 49.2% to City. ($199,000 = $192,700 = $391,700 divided by $199,000 = 50.8%). The construction of the project contemplated by the contract shall be undertaken by obtaining competative bids. If the total of these bids exceeds $402,000 the City shall have the option of withdrawing from this contract and shall have no obligation to Company.

4. Upon installation of the facilites and thecom- mencement of their operation, City agrees to retire its existing treatment and pumping plant and will, for a period of time for 40 years after date of this agreement, purchase all of its potable water needs from Company and Company shalll supply all of the potable water needs of City. All of the needs of City shall be supplied by Company pursuant to its regulations, rules and rates as the same may exist from time to time and as may be changed, modified or adjusted by the Public Service Commision of the Commonwealth of Kentucky. If however at any time it is mutually agreed by the parties hereto that Kentucky-American is unable to adequately supply the City's demands, the City will be allowed to reactivate its plant for that interim period of time to supple- ment th esupply furnished by Kentucky-American. If such an event should occur, Kentucky-American shall make every reasonable effort to correct any such deficiency and as soon as the deficiency is corrected the City of Midway shall again cease the operation of its treatment plant and receive its total supply from Kentucky-American.

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5. During the term of this contract, 40 years after the date hereof, Kentucky-American Water Company will have the right of first refusal to purchase the entire water transmission and

distribution system of City should City determine that it is for sale. Company shall be notified in writing of any bona fide offer that City may have and Company shall have ninety days thereafter to meet any such offer.

6. The parties heretodo hereby acknowlege that the installation of the facilites pursuant to this agreement will be, in some areas, in private easements, and City does hereby agree to exert its best efforts and assist the company in every way possible in the acquisiton of the easements.

7. The facilites installed pursuant to this agreement shall be and remain theproperty of Company who shall be solely responsible for their maintenance.

IN WITNESS WHEREOF, the appropriately authorized officials and officers of theparties hereto have hereunto affixed their signatures this the day and year first above written.

KENTUCKY-AMERICAN WATER COMPANY

BY: R. H. Edens
Vice President

CITY OF MIDWAY

BY: OWEN C. ROUSE JR.
Mayor

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KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2025-00122
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 25

Description of Filing Requirement:

Financial Forecast (2026-2028) Water Sales (Gallons)

Response:

Water Sales (000 Gallons)	2026	2027	2028
Residential	6,053,426	6,068,896	6,084,046
Commercial	4,216,701	4,254,179	4,291,657
Industrial	573,050	573,050	573,050
Municipal & OPA	1,255,062	1,255,062	1,255,062
Sales for Resale	371,508	371,508	371,508
Miscellaneous & Fire	15,880	15,880	15,880
Total	**12,485,626**	**12,538,574**	**12,591,202**

For electronic version, see KAW_APP_EX25_051625.pdf.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2025-00122
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 26

Description of Filing Requirement:

Financial Forecast (for 2026-2028) Customer Forecast

Response:

Average Customer Count	2026	2027	2028
Residential	127,964	128,954	129,943
Commercial	9,676	9,762	9,848
Industrial	28	28	28
Municipal & OPA	816	816	816
Sale for Resale	16	16	16
Miscellaneous & Fire	2,703	2,738	2,772
Total	**141,203**	**142,313**	**143,424**

For electronic version, see KAW_APP_EX26_051625.pdf.

KENTUCKY AMERICAN WATER COMPANY
Case No. 2025-00122
REVENUE STATISTICS - TOTAL COMPANY
Base Year (12 Months Ending August 31, 2025)
Forecast Year (12 Months Ending December 31, 2026)

Type of Filing: __X__ Original _____ Updated _____ Revised

Exhibit 37 - Schedule I-4
Revenues/[KAWC 2025 Rate Case - Exhibit 37 (I-2),(I-3),(I-4),(I-5) Revenue Statistics.xlsx]Exh Sch. I
Witness Responsible: Max McClellan

Line No.	Description	2020	2021	2022	2023	2024	Base Period	Forecasted Period	3 Projected Calendar Years 2026	2027	2028	2029
1												
2	Sales by Customer Class:											
3	Residential	6,072,579	5,874,579	5,987,176	5,874,579	5,987,176	6,319,197	6,053,426	6,053,426	6,068,896	6,084,046	6,098,880
4	Commercial	3,622,902	3,805,284	4,057,006	3,805,284	4,057,006	4,283,183	4,216,701	4,216,701	4,254,179	4,291,657	4,329,135
5	Industrial	550,533	565,901	546,404	565,901	546,404	562,622	573,050	573,050	573,050	573,050	573,050
6	Municipal & OPA	1,006,943	1,135,999	1,204,450	1,135,999	1,204,450	1,276,733	1,255,062	1,255,062	1,255,062	1,255,062	1,255,062
7	Sales For Resale	240,026	271,739	310,134	271,739	310,134	418,377	371,508	371,508	371,508	371,508	371,508
8	Miscellaneous	4,809	6,155	12,617	6,155	12,617	7,918	8,593	8,593	8,593	8,593	8,593
9												
10	Total	11,497,793	11,659,656	12,117,786	11,659,656	12,117,786	12,868,031	12,478,339	12,478,339	12,531,287	12,583,915	12,636,227
11												
12												
13	Number of Customers:											
14	12-Month Average:											
15	Residential	122,008	123,090	124,036	124,975	126,021	126,694	127,964	127,964	128,954	129,943	130,933
16	Commercial	9,205	9,267	9,390	9,527	9,558	9,576	9,676	9,676	9,762	9,848	9,934
17	Industrial	26	26	26	27	27	28	28	28	28	28	28
18	Municipal & OPA	749	752	768	781	804	815	816	816	816	816	816
19	Sales For Resale	16	16	16	20	18	16	16	16	16	16	16
20	Miscellaneous	45	45	54	63	54	58	58	58	58	58	58
21												
22	Total	132,049	133,197	134,291	135,392	136,483	137,188	138,558	138,558	139,634	140,709	141,785
23												
24												
25	End of Period:											
26	Residential	122,528	123,551	124,255	125,418	126,477	127,253	128,343	128,343	129,332	130,322	131,312
27	Commercial	9,192	9,290	9,399	9,544	9,544	9,628	9,681	9,681	9,767	9,853	9,939
28	Industrial	26	26	26	27	28	28	28	28	28	28	28
29	Municipal & OPA	746	753	770	786	816	816	816	816	816	816	816
30	Sales For Resale	16	15	17	20	17	16	16	16	16	16	16
31	Miscellaneous	43	45	61	61	59	58	58	58	58	58	58
32												
33	Total	132,551	133,680	134,528	135,856	136,941	137,799	138,942	138,942	140,017	141,093	142,169
34												
35												
36												
37	Average Sales per Customer:											
38	Residential	50	48	48	47	48	50	47	47	47	47	47
39	Commercial	394	411	432	399	425	447	436	436	436	436	436
40	Industrial	21,380	21,765	21,016	21,221	19,930	20,275	20,466	20,466	20,466	20,466	20,466
41	Municipal & OPA	1,345	1,510	1,568	1,456	1,497	1,567	1,538	1,538	1,538	1,538	1,538
42	Sales For Resale	14,621	17,073	19,184	13,759	17,072	25,485	23,219	23,219	23,219	23,219	23,219
43	Miscellaneous	106	136	233	97	233	136	148	148	148	148	148
44												
45												
46												
47	Note: Sales are stated in 1000 Gallons											

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 25

Description of Filing Requirement:

Financial forecast - water sales (gallon)

Response:

Water Sales (000 Gallons)	**2027**	**2028**	**2029**
Residential	6,610,936	6,660,311	6,709,686
Commercial	4,408,578	4,457,853	4,507,497
Industrial	623,272	623,272	623,272
Municipal & OPA	1,313,795	1,336,398	1,359,002
Sales for Resale	305,810	305,810	305,810
Miscellaneous & Fire	14,631	14,631	14,631
Total	**13,277,021**	**13,398,275**	**13,519,897**

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 26

Description of Filing Requirement:

Financial forecast - customer forecast

Response:

Average Customer Count	2027	2028	2029
Residential	137,606	138,618	139,631
Commercial	10,453	10,518	10,583
Industrial	42	42	42
Municipal & OPA	918	933	948
Sale for Resale	16	16	16
Miscellaneous & Fire	2,779	2,814	2,849
Total	**151,814**	**152,941**	**154,068**

KENTUCKY AMERICAN WATER COMPANY
Case No. 2026-00094
REVENUE STATISTICS - TOTAL COMPANY
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)

Type of Filing: __X__ Original _____ Updated _____ Revised

Exhibit 37 - Schedule I-4
KAWC 2026 Rate Case - Exhibit 37 (I-2),(I-3),(I-4),(I-5) Revenue Statistics
Witness Responsible: Charles Rea

Line No.	Description	2021	2022	2023	2024	2025	Base Period	Forecasted Period	3 Projected Calendar Years 2027	2028	2029	2030
1												
2	Sales by Customer Class:											
3	Residential	5,874,579	5,987,176	6,153,290	6,187,116	6,305,265	6,385,463	6,610,936	6,610,936	6,660,311	6,709,686	6,759,060
4	Commercial	3,805,284	4,057,006	4,169,235	4,188,577	4,267,948	4,324,053	4,408,578	4,408,578	4,457,853	4,507,497	4,557,512
5	Industrial	565,901	546,404	601,266	542,035	565,942	553,807	623,272	623,272	623,272	623,272	623,272
6	Municipal & OPA	1,135,999	1,204,450	1,192,323	1,224,340	1,288,513	1,279,401	1,313,795	1,313,795	1,336,398	1,359,002	1,381,605
7	Sales For Resale	271,739	310,134	371,428	431,080	433,431	394,938	305,810	305,810	305,810	305,810	305,810
8	Miscellaneous	6,155	12,617	5,908	7,254	7,356	8,716	6,839	6,839	6,839	6,839	6,839
9	Fire Services	6,414	6,840	8,674	7,030	7,671	8,516	7,791	7,791	7,791	7,791	7,791
10	Total	11,666,070	12,124,626	12,502,123	12,587,432	12,876,126	12,954,893	13,277,021	13,277,021	13,398,275	13,519,897	13,641,889
11												
12												
13	Number of Customers:											
14	12-Month Average:											
15	Residential	123,090	124,036	124,975	126,021	126,901	127,543	137,606	137,606	138,618	139,631	140,644
16	Commercial	9,267	9,390	9,527	9,558	9,602	9,644	10,453	10,453	10,518	10,583	10,648
17	Industrial	26	26	27	27	28	28	42	42	42	42	42
18	Municipal & OPA	752	768	781	804	817	820	918	918	933	948	962
19	Sales For Resale	16	16	20	18	16	17	16	16	16	16	16
20	Miscellaneous	45	54	63	54	62	64	64	64	64	64	64
21	Fire Services	2,457	2,515	2,558	2,582	2,604	2,623	2,715	2,715	2,750	2,785	2,814
22	Total	135,654	136,806	137,950	139,065	140,030	140,738	151,814	151,814	152,941	154,068	155,190
23												
24												
25	End of Period:											
26	Residential	123,551	124,255	125,418	126,477	127,293	128,161	138,036	138,036	139,049	140,061	141,074
27	Commercial	9,290	9,399	9,544	9,544	9,594	9,705	10,451	10,451	10,516	10,581	10,646
28	Industrial	26	26	27	28	28	28	42	42	42	42	42
29	Municipal & OPA	753	770	786	816	814	827	923	923	938	952	967
30	Sales For Resale	15	17	20	17	16	16	16	16	16	16	16
31	Miscellaneous	45	61	61	59	65	64	64	64	64	64	64
32	Fire Services	2,487	2,537	2,583	2,591	2,619	2,637	2,734	2,734	2,769	2,804	2,831
33	Total	136,167	137,065	138,439	139,532	140,429	141,438	152,267	152,267	153,394	154,521	155,640
34												
35												
36												
37	Average Sales per Customer:											
38	Residential	48	48	49	49	50	50	48	48	48	48	48
39	Commercial	411	432	438	438	445	448	422	422	424	426	428
40	Industrial	21,765	21,016	22,548	19,770	20,212	19,779	14,840	14,840	14,840	14,840	14,840
41	Municipal & OPA	1,510	1,568	1,528	1,522	1,577	1,561	1,431	1,431	1,433	1,434	1,436
42	Sales For Resale	17,073	19,184	18,807	23,729	26,673	23,936	19,113	19,113	19,113	19,113	19,113
43	Miscellaneous	136	233	94	134	118	136	107	107	107	107	107
44	Fire Services	3	3	3	3	3	3	3	3	3	3	3
45												
46												
47	Note: Sales are stated in 1000 Gallons											

15800 Kentucky-American Water Company 01/01/2024 - 12/31/2024

Sales For Resale (466) (Ref Page: 33)

	Company	Gallons (omit 000`s)	Avg. Rate per 1000 gallons	Amount
	City of Midway	99,447	$5.29	$526,178.00
	East Clark Water	209	$10.58	$2,208.00
	City of Nicholasville	134,651	$5.42	$730,185.00
	City of Versailles	2,269	$12.82	$29,092.00
	Jessamine South Elkhorn Water District (2 Accts)	27,961	$5.56	$155,476.00
	Harrison County Water District	78,038	$4.33	$337,895.00
	Georgetown Municipal Water and Sewer Service	3,592	$11.68	$41,961.00
	Peaks Mill Water District	29,447	$5.43	$159,799.00
	Nicholas Co. Water District	1,559	$2.35	$3,667.00
	Judy Water Association	53,907	$5.23	$282,112.00
	Unbilled Revenue	0	$0.00	($119,013.00)
Total		431,080		$2,149,560.00

15800 Kentucky-American Water Company 01/01/2025 - 12/31/2025

Sales For Resale (466) (Ref Page: 33)

	Company	Gallons (omit 000`s)	Avg. Rate per 1000 gallons	Amount
	City of Midway	110,871	$5.59	$619,513.00
	East Clark Water	206	$11.16	$2,297.00
	City of Nicholasville	139,072	$5.70	$792,091.00
	City of Versailles	149	$122.41	$18,263.00
	Jessamine South Elkhorn Water District (2 Accts)	15,921	$6.41	$102,047.00
	Harrison County Water District	85,686	$4.28	$366,501.00
	Georgetown Municipal Water and Sewer Service	5,442	$6.27	$34,107.00
	Peaks Mill Water District	17,927	$5.79	$103,733.00
	Nicholas Co. Water District	597	$2.49	$1,484.00
	Judy Water Association	57,563	$5.48	$315,202.00
	Unbilled Revenue	0	$0.00	($25,603.00)
Total		433,434		$2,329,635.00