



MT. STERLING WATER & SEWER SYSTEM
POST OFFICE BOX 392 - 300 EAST MAIN STREET
MOUNT STERLING, KENTUCKY 40353-0392

#2
Exhibit
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May 29, 2026

Sandra Cole
Montgomery County Water District
4412 Camargo Road
Mt. Sterling, Kentucky 40353

Re: Wholesale Rate Increase

Sandra,

The purpose of this letter is to advise you that our utility, Mt. Sterling Water & Sewer (Mt. Sterling), is requesting approval from the Kentucky Public Service Commission (PSC) to increase wholesale water rates by 8.5% charged to water districts/associations served by our utility. This proposed increase is based upon the Consumer Price Index maintained and reported by the U.S. Department of Labor, Bureau of Labor Statistics, and the DLG (Department for Local Government), as well as several upcoming major water infrastructure projects slated for the 2026/2027 fiscal year. As a result, Mt. Sterling Water & Sewer Commission voted to increase water rates by a factor of 8.5%.

Our utility has petitioned the Public Service Commission (PSC), to allow this increase to be passed along to our wholesale customers. A rate modification request has been filed, which includes a tariff sheet asking to increase our current wholesale water rate of \$3.82/1,000 gallons, up to \$4.14/1,000 gallons. We have requested that this increase be effective July 1, 2026. Should this increase be approved, the increase will be reflected in the August billing. This notice is being provided to comply with a PSC statute that requires affected wholesale customers to receive notice of any proposed rate increase a minimum of 30 days prior to the implementation of said increase.

In closing, thank you, for both your understanding and cooperation regarding this matter. Should you have questions, comments, or concerns regarding this notice, please feel free to contact me at (859) 498-0166 or email at b.reed@mswatersewer.com

Sincerely,

Brad Reed
General Manager
Mt. Sterling Water & Sewer