

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY-AMERICAN )  
WATER COMPANY FOR AN ADJUSTMENT OF ) CASE NO.  
ITS WASTEWATER RATES PURSUANT TO 807 ) 2014-00390  
KAR 5:076 )

ORDER

On April 14, 2015, Kentucky-American Water Company ("KAWC") advised the Commission of its acceptance of the amount of the revenue increase set forth in the Commission Staff Report ("Staff Report") issued March 31, 2015, but requested that the increase be implemented with annual rate changes over a four-year period instead of a two-year period for the purposes of gradualism.

KAWC requests that the Informal Conference scheduled for April 28, 2015, be cancelled, that a hearing not be held, and the matter be submitted on the record.

KAWC further requests that it not be required to file a tariff for its sewer division at this time. KAWC indicates it is in the process of revising its tariff for the water division and intends to present both the sewer and water divisions' revised tariffs to the Commission prior to the end of 2015.

Having reviewed KAWC's April 14, 2015 Comments to the Staff Report and all other relevant information, the Commission finds that:

1. KAWC has filed an annual report for its sewer division since 1998.<sup>1</sup>

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<sup>1</sup> *Annual Report of Kentucky-American Water Company, Sewer Division, to the Public Service Commission for the Calendar Year Ended December 31, 1998.*

2. KAWC has never filed a separate tariff for its sewer utility as required by 807 KAR 5:011, Section 2(3).

3. Within 20 days of entry of the Final Order in this case, KAWC should file a tariff for its sewer division through the Commission's electronic Tariff Filing System.

4. Within 14 days of the date of this Order, KAWC should publish a one-time notice following the requirements of 807 KAR 5:076, Section 5. The customer notice should be in the format set forth in the Appendix to this Order.

5. KAWC should provide proof of publication of the notice to the Commission no later than May 25, 2015.

6. Any motion to intervene based on KAWC's acceptance of the revenue requirement proposed in the Staff Report should be filed no later than June 8, 2015.

7. The April 28, 2015 informal conference should be cancelled.

IT IS THEREFORE ORDERED that:

1. Within 20 days of entry of the Final Order in this case, KAWC shall file with this Commission, using the Commission's electronic Tariff Filing System, a revised tariff sheet setting out the rates approved for its sewer division.

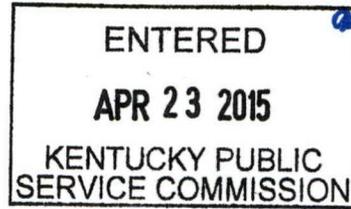
2. Within 14 days of the date of this Order, KAWC shall publish a one-time notice following the requirements of 807 KAR 5:076, Section 5. The customer notice shall be in the format set forth in the Appendix to this Order.

3. KAWC shall provide proof of publication of the notice to the Commission no later than May 25, 2015.

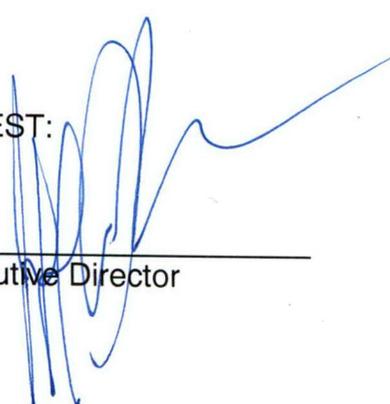
4. Any motion to intervene based on KAWC's acceptance of the revenue requirements proposed in the Staff Report shall be filed no later than June 8, 2015.

5. The April 28, 2015 informal conference is cancelled.

By the Commission



ATTEST:

  
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Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2014-00390 DATED **APR 23 2015**

**NOTICE**

On December 9, 2014, the Kentucky Public Service Commission ("PSC") accepted for filing Kentucky-American Water Company's ("Kentucky-American") application requesting to increase its sewer service revenues by approximately 21% to be implemented over two phases. After performing a review of Kentucky-American's application and records, the PSC Staff recommended that Kentucky-American be granted an increase in sewer service revenues of approximately 62%. Pursuant to the PSC's Order of March 31, 2015, in Case No. 2014-00390, Kentucky-American requested that the PSC approve the PSC Staff recommended revenue requirement and that Kentucky-American be allowed to implement the revised rates over a four-year period as follows:

**Phase 1:**

<u>Owenton – Inside City</u>		<u>Current Rate</u>	<u>Phase 1 Rate</u>	<u>\$ Change</u>	<u>% change</u>
First	2,000 gallons (Minimum Bill)	\$17.27	\$19.54	\$2.27	13% Increase
Next	1,000 gallons (per 1,000 gallons)	7.84	8.87	1.03	13% Increase
Next	2,000 gallons (per 1,000 gallons)	6.17	6.98	0.81	13% Increase
Next	5,000 gallons (per 1,000 gallons)	5.59	6.33	0.74	13% Increase
Next	10,000 gallons (per 1,000 gallons)	5.00	5.66	0.66	13% Increase
Next	20,000 gallons (per 1,000 gallons)	4.41	4.99	0.58	13% Increase
Over	40,000 gallons (per 1,000 gallons)	4.20	4.75	0.55	13% Increase

<u>Rockwell Village</u>		<u>Current Rate</u>	<u>Phase 1 Rate</u>	<u>\$ Change</u>	<u>% change</u>
First	12,000 gallons (Minimum Bill)	\$20.75	\$23.48	\$2.73	13% Increase
Over	12,000 gallons (per 100 gallons)	0.1729	0.1956	0.0227	13% Increase

**Average Monthly Bills**

<u>Owenton – Inside City</u>	<u>Average Monthly Usage</u>	<u>Current Average Bill</u>	<u>Phase 1 Average Bill</u>	<u>\$ Change</u>	<u>% Change</u>
Residential	2,866 gallons	\$24.06	\$27.22	\$3.16	13% Increase
Commercial	17,437 gallons	102.59	116.11	13.52	13% Increase
Public Authority	20,595 gallons	118.02	133.59	15.57	13% Increase
<u>Rockwell Village</u>		<u>Current Average Bill</u>	<u>Phase 1 Average Bill</u>	<u>\$ Change</u>	<u>% Change</u>
Residential	2,990 gallons	\$20.75	\$23.48	\$2.73	13% Increase
Commercial	56,573 gallons	97.82	110.66	12.84	13% Increase
Industrial	16,532 gallons	28.59	32.34	3.75	13% Increase

Owenton – Outside City rates are not increased during this phase.

**Phase 2: To be implemented one year after the effective date of Phase 1.**

<u>Owenton – Inside City</u>		<u>Phase 1 Rate</u>	<u>Phase 2 Rate</u>	<u>\$ Change</u>	<u>% Change</u>
First	2,000 gallons (Minimum Bill)	\$19.54	\$22.11	\$2.57	13% Increase
Next	1,000 gallons (per 1,000 gallons)	8.87	10.04	1.17	13% Increase
Next	2,000 gallons (per 1,000 gallons)	6.98	7.90	0.92	13% Increase
Next	5,000 gallons (per 1,000 gallons)	6.33	7.16	0.83	13% Increase
Next	10,000 gallons (per 1,000 gallons)	5.66	6.40	0.74	13% Increase
Next	20,000 gallons (per 1,000 gallons)	4.99	5.65	0.66	13% Increase
Over	40,000 gallons (per 1,000 gallons)	4.75	5.37	0.62	13% Increase

<u>Rockwell Village</u>		<u>Phase 1 Rate</u>	<u>Phase 2 Rate</u>	<u>\$ Change</u>	<u>% Change</u>
First	12,000 gallons (Minimum Bill)	\$23.48	\$26.57	\$3.09	13% Increase
Over	12,000 gallons (per 100 gallons)	0.1956	0.2213	0.0257	13% Increase

**Average Monthly Bills**

<u>Average</u>	<u>Phase 1</u>	<u>Phase 2</u>
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<u>Owenton – Inside City</u>	<u>Monthly Usage</u>	<u>Average Bill</u>	<u>Average Bill</u>	<u>\$ Change</u>	<u>% Change</u>
Residential	2,866 gallons	\$27.22	\$30.80	\$3.58	13% Increase
Commercial	17,437 gallons	116.11	131.35	15.24	13% Increase
Public Authority	20,595 gallons	133.59	151.11	17.52	13% Increase
<u>Rockwell Village</u>					
Residential	2,990 gallons	\$23.48	\$26.57	\$3.09	13% Increase
Commercial	56,573 gallons	110.66	125.21	14.55	13% Increase
Industrial	16,532 gallons	32.34	36.60	4.26	13% Increase

Owenton – Outside City rates are not increased during this phase.

**Phase 3: To be implemented one year after the effective date of Phase 2.**

<u>Owenton – Outside City</u>	<u>Current Rate</u>	<u>Phase 3 Rate</u>	<u>\$ Change</u>	<u>% Change</u>
First 2,000 gallons (Minimum Bill)	\$24.18	\$25.02	\$0.84	4% Increase
Next 1,000 gallons (per 1,000 gallons)	10.98	11.36	0.38	4% Increase
Next 2,000 gallons (per 1,000 gallons)	8.65	8.94	0.29	4% Increase
Next 5,000 gallons (per 1,000 gallons)	7.82	8.10	0.28	4% Increase
Next 10,000 gallons (per 1,000 gallons)	6.99	7.24	0.25	4% Increase
Next 20,000 gallons (per 1,000 gallons)	6.17	6.39	0.22	4% Increase
Over 40,000 gallons (per 1,000 gallons)	5.88	6.08	0.20	4% Increase

<u>Owenton – Inside City</u>	<u>Phase 2 Rate</u>	<u>Phase 3 Rate</u>	<u>\$ Change</u>	<u>% Change</u>
First 2,000 gallons (Minimum Bill)	\$22.11	\$25.02	\$2.91	13% Increase
Next 1,000 gallons (per 1,000 gallons)	10.04	11.36	1.32	13% Increase
Next 2,000 gallons (per 1,000 gallons)	7.90	8.94	1.04	13% Increase
Next 5,000 gallons (per 1,000 gallons)	7.16	8.10	0.94	13% Increase
Next 10,000 gallons (per 1,000 gallons)	6.40	7.24	0.84	13% Increase
Next 20,000 gallons (per 1,000 gallons)	5.65	6.39	0.74	13% Increase
Over 40,000 gallons (per 1,000 gallons)	5.37	6.08	0.71	13% Increase

<u>Rockwell Village</u>	<u>Current Rate</u>	<u>Phase 3 Rate</u>	<u>\$ Change</u>	<u>% Change</u>
First 12,000 gallons (Minimum Bill)	\$26.57	\$30.06	\$3.49	13% Increase
Over 12,000 gallons (per 100 gallons)	0.2213	0.2504	0.0291	13% Increase

**Average Monthly Bills**

<u>Owenton – Outside City</u>	<u>Average Monthly Usage</u>	<u>Current Average Bill</u>	<u>Phase 3 Average Bill</u>	<u>\$ Change</u>	<u>% Change</u>
Residential	2,657 gallons	\$31.39	\$32.48	\$1.09	4% Increase

<u>Owenton – Inside City</u>	<u>Average Monthly Usage</u>	<u>Phase 2 Average Bill</u>	<u>Phase 3 Average Bill</u>	<u>\$ Change</u>	<u>% Change</u>
Residential	2,866 gallons	\$30.80	\$34.86	\$4.06	13% Increase
Commercial	17,437 gallons	131.35	148.60	17.25	13% Increase
Public Authority	20,595 gallons	151.11	170.96	19.85	13% Increase

<u>Rockwell Village</u>	<u>Average Monthly Usage</u>	<u>Phase 2 Average Bill</u>	<u>Phase 3 Average Bill</u>	<u>\$ Change</u>	<u>% Change</u>
Residential	2,990 gallons	\$26.57	\$30.06	\$3.49	13% Increase
Commercial	56,573 gallons	125.21	141.67	16.46	13% Increase
Industrial	16,532 gallons	36.60	41.41	4.81	13% Increase

**Phase 4: To be implemented one year after effective date of Phase 3.**

<u>Owenton – Outside &amp; Inside City</u>	<u>Phase 3 Rate</u>	<u>Phase 4 Rate</u>	<u>\$ Change</u>	<u>% Change</u>
First 2,000 gallons (Minimum Bill)	\$25.02	\$28.29	\$3.27	13% Increase
Next 1,000 gallons (per 1,000 gallons)	11.36	12.85	1.49	13% Increase
Next 2,000 gallons (per 1,000 gallons)	8.94	10.11	1.17	13% Increase
Next 5,000 gallons (per 1,000 gallons)	8.10	9.16	1.06	13% Increase
Next 10,000 gallons (per 1,000 gallons)	7.24	8.19	0.95	13% Increase
Next 20,000 gallons (per 1,000 gallons)	6.39	7.22	0.83	13% Increase
Over 40,000 gallons (per 1,000 gallons)	6.08	6.89	0.81	13% Increase

<u>Rockwell Village</u>	<u>Phase 3 Rate</u>	<u>Phase 4 Rate</u>	<u>\$ Change</u>	<u>% Change</u>
First 12,000 gallons (Minimum Bill)	\$30.06	\$34.00	\$3.94	13% Increase
Over 12,000 gallons (per 100 gallons)	0.2504	0.2830	0.0326	13% Increase

**Average Monthly Bills**

<u>Owenton – Outside City</u>	<u>Average Monthly Usage</u>	<u>Phase 3 Average Bill</u>	<u>Phase 4 Average Bill</u>	<u>\$ Change</u>	<u>% Change</u>
Residential	2,657 gallons	\$32.48	\$36.73	\$4.25	13% Increase
<u>Owenton – Inside City</u>					
Residential	2,866 gallons	\$34.86	\$39.42	\$4.56	13% Increase
Commercial	17,437 gallons	148.60	168.07	19.47	13% Increase
Public Authority	20,595 gallons	170.96	193.36	22.40	13% Increase
<u>Rockwell Village</u>					
Residential	2,990 gallons	\$30.06	\$34.00	\$3.94	13% Increase
Commercial	56,573 gallons	141.67	160.14	18.47	13% Increase
Industrial	16,532 gallons	41.41	46.83	5.42	13% Increase

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

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

A copy of the PSC Staff report can be found at the following address:

[http://psc.ky.gov/pscscf/2014%20Cases/2014-00390//20150331\\_PSC\\_Staff%20Report.pdf](http://psc.ky.gov/pscscf/2014%20Cases/2014-00390//20150331_PSC_Staff%20Report.pdf)

Any person may submit comments on the proposed request no later than June 8, 2015. Comments shall be in writing and shall be submitted to the Executive Director, Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky, 40602. Comments may also be submitted by electronic mail to [psc.info@ky.gov](mailto:psc.info@ky.gov). If the Commission does not receive any requests for intervention or hearing in this matter by June 8, 2015, the Commission will proceed to render a decision in the matter.

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