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COMMISSION

PSC  
Frankfort, Ky

Does KAWC have any firm quotes to verify they need as much money from rate payers as they are asking for to support this made up "QIP"?

Does KAWC ever pay for anything? Do they use our dollars to pay for their parties, trips and gifts for employees?

They have taken our dollars to build a new water plant on the dirty Ohio river and have never sent Lexington, Ky a drop of water from there.

Are rate payers still paying for KAWC meter readers? The lid on meter holes have not been removed for

I do not know how long. Grass and weeds have grown over some of them on the street where I live.

Starting with billing period of Dec. 17, 2016 to Jan. 19, 2017 through billing period July 21 to Aug. 17, 2017 KAWC tells me I use the same amount of CGL. It has been 29.92 CGL every month. I do not believe KAWC. We are not on a budget plan. This is why I asked if KAWC still has meter readers and I am paying for them. Has PSC allowed KAWC to do this to us? We are not always home to use the same amount every billing period.

I am enclosing a couple of articles about KAWC just in case PSC did not read them.

Did KAWC pay their board members extra rate payers dollars to write this stuff?

If KAWC is guilty of the facts in the editorial, are you, the PSC doing anything to force KAWC to come clean and make good for the rate payers?

I know KAWC has to treat water to tight specs before it leaves their plant. Is water still to the same tight specs when it leaves KAWC water storage tower tanks? Is KAWC treated water still to the tight specs when it flows their water lines to our houses? How much has it degraded from the tight specs at the processing plant until it comes into our houses? KAWC never speaks about this, only what it is at their plant.

Just remember KAWC ask PSC to allow them to increase our water bills when a supplier charged them more for chemicals they buy. KAWC did not ask the PSC to allow them to decrease our bills if KAWC bought chemicals at a lower cost.

If PSC allowed the billing increase KAWC would of been operating the largest kick back scheme this world has ever known. How many times has KAWC presented a rate increase to PSC because they need to fix their property because of their neglect?

Stanley Houston

# Consumers paid, then paid again

Five years ago, the private Kentucky American Water quit including local government fees on water bills then used the resulting revenue loss to justify charging Lexington households and businesses more for water.

It still galls that the public had to pay twice — once because it cost \$700,000 a year more to outsource sewer and other billing to the Cincinnati Water Works, and again when the water company used its annual loss of \$1.59 million from canceling the city contract to argue for a rate increase, an argument accepted by the Kentucky Public Service Commission.

The city recently brought the billing home, in hopes of eventually saving \$400,000 a year. The transition to in-house billing also created six customer service jobs in Lexington.

It appears to be a smart move by Mayor Jim Gray's administration. The city has paid the increased billing costs out of fees paid by consumers. That's millions of dollars that could have gone into upgrading sanitary sewers, controlling flooding and supporting recycling if Kentucky American had not ended the billing agreement.

Most cities never face such a problem because most water utilities are owned by the public.

in 2012 that it was ending the contract to bill for and collect sewer, landfill and water-quality management fees. Because sewer fees are based on water consumption, the pairing made sense.

The city's collections plunged for several years after one monthly bill morphed into two. Collections rebounded after the government arranged to pay Kentucky American to cut off water service to customers who were delinquent on their city bills, although collections have not yet recovered to their former level and some delinquencies will never be collected.

In 2006, voters defeated a grassroots movement for the city to buy the utility from parent American Water. Since then, Lexington water customers have paid through the nose, with rate

increases about every two years, in part to pay for a \$164 million treatment plant in Owen County and 32 miles of pipeline.

On last year's day of peak demand, Sept. 14, 2016, Kentucky American pumped 55,760,000 gallons, according to a filing with the PSC, or 62 percent of its production capacity of 90,000,000 gallons a day.

At a time when water consumption is in decline, American Water's strategy is to capitalize on its

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The city has paid the increased billing costs out of fees paid by consumers. That's millions of dollars that could have gone into upgrading sanitary sewers, controlling flooding and supporting recycling if Kentucky American had not ended the billing agreement.

Most cities never face such a problem because most water utilities are owned by the public. Kentucky American is owned by an out-of-state corporation whose first loyalty is to generating profits for its shareholders. Privatized water, regrettably, is becoming more common.

It took the city 20 months to bring the new billing system on line, in contrast to the much shorter notice that Kentucky American provided

made sense.

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At a time when water consumption is in decline, American Water's strategy is to capitalize on its excess capacity by buying smaller water utilities. Neglected infrastructure and the related high costs make selling out or partnering with a private company more attractive to elected and utility officials.

The story of how Kentucky American has treated Lexington is also something for them to consider.

**KENTUCKY AMERICAN'S PEAK DEMAND IN 2016 WAS 62 PERCENT OF CAPACITY.**

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7 Aug 2017

# Water utility serves this region well

BY PAT FREIBERT, WAYNE MARTIN AND BILL SISSON

Communities benefit from a well-run water utility that provides reliable, quality service. Kentucky American Water does just that, and then some.

For this reason, we, as long-time engaged citizens of Central Kentucky and proud board members of Kentucky American, find the editorial board's continued negative characterization of the water utility to be quite puzzling. We want to share the facts.

Kentucky American is committed to maintaining well-run systems to provide great service. The company is continually upgrading aging water mains as well as plants and other facilities. This year alone the company will complete approximately \$20 million worth of such projects.

In 2010, Kentucky American completed a major project to secure much-needed additional water supply and

treatment plant capacity for its Central Kentucky customers. It was truly a game changer for the region. Remember the water use restrictions that occurred before this plant was built?

Regulators and those in the industry under-

**At issue:** Herald-Leader editorial, "Consumers paid, then paid again; Lexington hopes to save money by billing in-house for sewer, landfill, water-quality management fees"

Water Works Association.

The business decision made a few years ago to end city sewer, landfill user and stormwater fee billing services — which was referenced in the editorial — was one we supported.

When the agreement to do third-party billing via water bills was made in the early 1990s it may have made sense but as these non-water charges became an increasingly larger component of the water bill, staff found the practice increasingly confusing for customers.

This was coupled with the fact that the company was moving to an upgraded billing system and the additional billing functionality would have added cost to the project.

It was a good decision, and water company staff worked with the city to assist with a smooth transition.

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treatment plant capacity for its Central Kentucky customers. It was truly a game changer for the region. Remember the water use restrictions that occurred before this plant was built?

Regulators and those in the industry understood the criticality of completing this project for our region's economic development and quality of life. The company got it done on time and under budget. There have been no water use restrictions for customers since it came online, even during drought times.

The company's commitment to excellence is also evident in the quality of water it provides to customers. It employs processes that go beyond what is required by water quality regulations and voluntarily participates in the national Partnership for Safe Water. The result is that the tap water it provides is among the best in the nation.

Regarding cost, Kentucky American adheres to a continuous improvement mindset to keep rates as low as possible. Employees are always seeking ways to perform more efficiently without sacrificing quality.

Just this year the company received two special recognitions for water quality optimization from a program administered by the U.S. Environmental Protection Agency, and in July the company's newest water treatment plant in Owen County received the award for operation excellence from the Kentucky/Tennessee Section of the American

## WATER QUALITY ENSURED, ON TOP OF MAINTENANCE AND INVOLVED IN COMMUNITY

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Kentucky American serves approximately half a million people in portions of 12 counties with about 140 employees, combined with the expertise of its parent company, American Water.

In April, several of these employees represented the company as it received a Best Place to Work in Kentucky award — for the fourth year in a row.

Employees not only work hard to provide a critical service to communities large and small, but also volunteer on boards, at events, in schools and on special projects.

The company supports nonprofit organizations, grant programs, scholarships, science fairs, green initiatives and water festivals, to name a few. Its Hydration Station can be seen at outdoor events nearly every weekend in the summer, and the water-bottle refilling stations it has sponsored are popping up in more and more locations.

We welcome others to take a closer look at how Kentucky American Water works with the communities it serves. We believe they will find a great story that keeps getting better.

Pat Freibert, Wayne Martin and Bill Sisson are board members of Kentucky American Water.