

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NORTHERN)	
KENTUCKY WATER DISTRICT FOR AN)	CASE NO.
ADJUSTMENT OF RATES; ISSUANCE OF)	2018-00291
BONDS; FINANCING; AND TARIFF REVISIONS)	

ORDER

Northern Kentucky Water District (Northern Kentucky District) filed an application (Application) on October 11, 2018,¹ requesting approval to increase its revenue by \$6,217,178, or 11.6 percent, with a proposed two-year phase in, pursuant to KRS 278.180 and KRS 278.190. Northern Kentucky District also requested approval of \$19,600,000 in financing and issuance of bonds, pursuant to KRS 278.300. Last, Northern Kentucky District requested approval of revisions to the service connection fee tariff, the credit card fee tariff, and customer service-related tariffs, pursuant to KRS 278.160. On February 14, 2019, the Commission granted Northern Kentucky District's request to withdraw the proposed customer service-related tariffs, which Northern Kentucky District will submit as a separate tariff filing. The service connection fee and the credit card fee tariff revisions are addressed in this proceeding.

¹ Northern Kentucky District tendered the application on September 28, 2018. By Order dated October 5, 2018, the Commission rejected the application for filing due to filing deficiencies. Northern Kentucky District subsequently cured the filing deficiencies and the application was deemed filed on October 11, 2018.

BACKGROUND

Northern Kentucky District, a water district organized pursuant to KRS Chapter 74. Northern Kentucky District owns and operates water treatment and distribution facilities that provide retail water service to approximately 82,897 customers in Kenton, Campbell, and Boone counties, Kentucky and wholesale water service to Bullock Pen Water District, Pendleton County Water District, and the city of Walton, Kentucky.²

PROCEDURE

There are no intervenors. Pursuant to KRS 278.190(2), the Commission suspended the proposed rates for five months from their effective date, up to and including April 9, 2019, to permit sufficient time to investigate the reasonableness of the proposed rates. To determine the reasonableness of the proposed financing, the Commission continued the request for financing beyond the 60 days specified in KRS 278.300(2). Northern Kentucky District responded to six rounds of discovery. An informal conference (IC) was held on February 8, 2019, to discuss the need for supplemental information. By Order entered February 19, 2019, the Commission granted Northern Kentucky District's motion to submit this matter for a decision on the written record and amended the procedural schedule to hold a public comment hearing in the place of an evidentiary hearing on February 27, 2019.³ This matter stands submitted for decision.

² *Northern Kentucky District's Annual Report to the Commission for the Calendar Year ending December 31, 2017* (filed July 3, 2018) at 11, 52, and 58 of 70.

³ The Commission also held a public meeting on January 24, 2019, in Edgewood, Kentucky, to take public comments.

FINANCING AND ISSUANCE OF BONDS

The majority of the requested rate increase is related to Northern Kentucky District's request for approval of \$19,600,000 in permanent financing.⁴

Starting in 2014, Northern Kentucky District identified a number of capital projects that it deemed necessary in order to cure distribution system deficiencies, and to rehabilitate and replace portions of its aging infrastructure, some of which dates from 1926 when Northern Kentucky District's predecessor was established.⁵ These projects were granted Certificates of Public Convenience and Necessity (CPCN) or deemed ordinary extensions in the usual course of business in previous cases.⁶ The projects were funded with short-term debt in the form of a bond anticipation note (BAN) issued in 2017.

In this proceeding, Northern Kentucky District requested approval of a bond issuance of \$19,600,000, which will replace the principal owed on the BAN. The difference between the principal on the BAN and the proposed bond is in costs of

⁴ Application at paragraphs 5–7.

⁵ Application at paragraph 5; Application, Exhibit A at B-1. Northern Kentucky District is the successor to several water districts, including Kenton County Water District No. 1, which was established in 1926.

⁶ Case No. 2014-00150, *Application of Northern Kentucky Water District for a Certificate of Convenience and Necessity, Financing, Surcharge, and Creation of Sub District M Pursuant to KRS 278.023* (Ky. PSC June 16, 2014); Case No. 2015-00108, *Application of Northern Kentucky Water District for Approval of the Ft. Thomas Treatment Plant Basin Improvements, Issuance of a Certificate of Convenience and Necessity and Approval of Financing* (Ky. PSC May 21, 2015); Case No. 2015-00295, *Application of Northern Kentucky Water District for Approval of the Replacement of the Lumley Water Tank, Issuance of a Certificate of Convenience and Necessity and Approval of Financing* (Ky. PSC Nov. 4, 2015); Case No. 2016-00147, *Application of Northern Kentucky Water District for Approval of the Issuance of a Certificate of Convenience and Necessity and Approval of Financing for Latonia Lakes Project* (Ky. PSC May 31, 2016); Case No. 2016-00303, *Electronic Application of Northern Kentucky Water District for a Certificate of Convenience and Necessity for Ohio River Pump Station #2 Rehabilitation* (Ky. PSC Nov. 16, 2016); Case No. 2017-00147, *Electronic Application of Northern Kentucky Water District for a Certificate of Convenience and Necessity for the Taylor Mill Water Treatment Plant* (Ky. PSC May 8, 2017); Case No. 2017-00265, *Electronic Application of Northern Kentucky Water District for Approval of Madison Pike 24-Inch Hydraulic Redundancy Project (Phase 2) and for Issuance of a Certificate of Convenience and Necessity* (Ky. PSC Aug. 23, 2017).

issuance, underwriter's discount, and a deposit to the debt service reserve fund that is required by the bond issuer.⁷ The interest rate on the proposed debt service varies between 2.400 percent and 4.150 percent, although the actual costs of issuance cannot be determined until the sale of the bonds commences.⁸

The Commission finds that the proposed bond issuance is for capital projects that address aging infrastructure replacement projects, and therefore is for lawful objects within the corporate purposes of Northern Kentucky District; is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public; will not impair its ability to perform that service; is reasonable, necessary, and appropriate for such purposes; and should be approved.

RATE INCREASE

Northern Kentucky District requested a \$6,217,178, or 11.6 percent, rate increase. Northern Kentucky District proposed a gradual implementation of the rate increase with a two-year phased-in rate approach. The first phase (Phase 1) would increase the average residential bill by \$1.92 per month.⁹ The second phase (Phase 2) would be implemented one year after Phase 1 rates are effective and would increase the average residential bill by an additional \$1.92 per month.¹⁰ After Phase 2 is implemented, the total average increase on the residential customer bill is 11.2 percent.¹¹

⁷ Application at paragraph 7.

⁸ Application, Exhibit A.

⁹ Rehtin Testimony at lines 124–125.

¹⁰ Rehtin Testimony at lines 125–126.

¹¹ Rehtin Testimony at lines 62–63.

Northern Kentucky District states that the rate increase is: (1) due to debt service on capital projects previously approved by the Commission or deemed projects in the ordinary course of business addressing aging infrastructure and distribution system deficiencies that are part of a 5-year improvement plan; (2) to partially offset flat or declining consumption; and (3) to recover O&M expenses.¹²

TEST PERIOD

Northern Kentucky District proposed, and the Commission accepts, a historical 12-month period ended June 30, 2018, as the test period to determine the reasonableness of its proposed rates.

Northern Kentucky District proposed pro forma adjustments, which are discussed below. In using this historic test period, the Commission has made appropriate ratemaking adjustments.

INCOME STATEMENT

Northern Kentucky District reported actual test-year operating revenues of \$55,621,694 and total operating expenses of \$36,738,139. Northern Kentucky District did not propose any adjustments to test-year revenues. Northern Kentucky District proposed \$2,408,327 in adjustments to test-year expenses. The Commission's review of Northern Kentucky District's test-year revenues and expenses are set forth below.

¹² Application at paragraph 13; Application, Exhibit P.

Account Name	Test Year	Pro Forma Adjustment	Pro Forma
Water Sales			
Retail Water Sales	\$ 53,609,209		\$ 53,609,209
Bulk Loading Stations	63,224		63,224
Total Water Sales	53,672,433		53,672,433
Surcharge Revenue	558,094		558,094
Other Water Revenues	1,391,167		1,391,167
Total Water Revenues	55,621,694		55,621,694
Operations and Maintenance Expenses			
Salaries and Wages	7,813,804	\$ 1,227,050	9,040,854
Pensions and Benefits	4,663,501	128,884	
		498,495	5,290,880
Purchased Power	2,208,725		2,208,725
Utilities	183,394		183,394
Chemicals	2,212,149	149,888	2,362,037
Materials and Supplies	1,890,276		1,890,276
Contractual Services	2,999,787		2,999,787
Transportation Expense	521,245		521,245
Legal Fees	167,931		167,931
Rental Expense	8,031		8,031
Insurance Expense	560,058		560,058
Bad Debt	331,192		331,192
Advertising Expense	12,718		12,718
Postage Expense	162,668		162,668
Miscellaneous Expense	567,575		567,575
Total Operation and Maintenance Expenses	24,303,054	2,004,317	26,307,371
Taxes Other Than Income	687,952	122,049	810,001
Depreciation	11,546,013		11,546,013
Amortization		281,961	281,961
Utility Plant Acquisition Adjustment	201,120		201,120
Total Operating Expenses	36,738,139	2,408,327	39,146,466
Net Operating Income	18,883,555	(2,408,327)	16,475,228
Interest Income	1,245,942		1,245,942
Nonutility Income	414,392		414,392
Income Available to Service Debt	\$ 20,543,889	\$(2,408,327)	\$ 18,135,562

PROPOSED ADJUSTMENTS

Salaries and Wages

Northern Kentucky District proposed to increase Salaries and Wages expense, and Taxes Other Than Income expense by \$1,227,050 and \$122,049 respectively, to reflect adjustments in employment levels subsequent to the test year and budgeted amounts for employee raises that were approved by Northern Kentucky District's board of commissioners. At the IC held on February 8, 2019, Northern Kentucky District explained the process for its budgeted merit-based employee raise. In its response to the IC request for information, Northern Kentucky District provided a copy of its employee evaluation form used to determine employee effectiveness and, if applicable, any merit-based salary increase.

The Commission finds that the method for which Northern Kentucky District provides a performance-driven metric for employee raises is reasonable. The Commission further finds that the adjustment to pro forma wages is reasonable, and therefore accepts the adjustment.

Employee Health and Dental Insurance

Northern Kentucky District proposed to increase Employee Pensions and Benefits expense by \$128,884 to reflect the net effect of an increase due to rising costs in health and dental insurance premiums being paid by the District, and a decrease due to a change in Northern Kentucky District's policy whereby employees that are covered by single health care coverage and all dental policies are now contributing to the cost of coverage. Employees that had dependent or family plans were already contributing to health and insurance costs and were not adjusted.

The Commission notes that Northern Kentucky District has taken initial steps to address the Commission's findings in other rate cases that employees should reasonably participate in the cost of their health and dental insurance premiums in order for rates to be fair, just, and reasonable to both ratepayers and the utility. The Commission further notes that Northern Kentucky District implemented employee cost participation in health and dental insurance premiums of 5 percent, which is significantly lower than the employee cost participation of 21 percent for average single coverage and 32 percent for family coverage¹³ that the Commission has found reasonable for those utilities that do not require employee contributions to health and dental insurance. The Commission encourages Northern Kentucky District to consider increasing the actual percentage. The Commission could make an adjustment in future rate cases if the actual percentage of employee cost participation is significantly below the standard statistical average percent participation.

The Commission finds this adjustment reasonable and therefore accepts the adjustment to employee health and dental insurance expenses.

Employee Pension Plans

As of July 1, 2018, Northern Kentucky District contributes 21.48 percent of employee wages to the County Employee Retirement Systems for its pension plan. Northern Kentucky District proposed to increase Pension and Benefits expense by \$498,495 to reflect the net increase in wages explained above, and the increase in contributions to the pension plan.

¹³ Bureau of Labor Statistics, Healthcare Benefits, March 2016, Table 10, private industry workers. (<https://www.bls.gov/ncs/ebs/benefits/2016/ownership/private/table10a.pdf>).

The Commission finds that this adjustment is a known and measurable change to the test period, and therefore reasonable.

Chemicals

Northern Kentucky District increased its test-year chemical expense to the adjusted three-year average of actual chemical expenses from July 1, 2015, through June 30, 2018, in order to diminish the impact of the volatility in chemical expense.¹⁴ Northern Kentucky District explained that it proposed to use a three-year average because, historically, Northern Kentucky District’s chemical expense has been higher than the test year. Northern Kentucky District proposed using a three-year average that mirrored the test year in order for the time periods to be consistent. Although Northern Kentucky District has firm contracts for chemicals, the amount of chemicals used to treat the water fluctuates due to a number of variables, including the temperature, river quality, and river conditions, such as chemical spills and algae blooms.

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07/01/2015-06/30/2016	\$	2,617,353
07/01/2016-06/30/2017		2,256,608
07/01/2017-06/30/2018		<u>2,212,149</u>
Total Chemical Expense		7,086,110
Divide by: 3 Years		<u>3</u>
3-Year Average Chemical Expense		2,362,037
Less: Test Year		<u>(2,212,149)</u>
Pro Forma Adjustment	\$	<u><u>149,888</u></u>

The Commission finds that allowing Northern Kentucky District to average its chemical expense over three years is known and measurable, smooths the effect of variations in the cost of chemicals year over year and is therefore reasonable.

Amortization on Reservoir Cleaning

Northern Kentucky District proposed to include in pro forma operations the amortization of the effect of a prepaid reservoir-cleaning project expected to be completed on June 30, 2019. The amortization period for the prepaid asset is ten years.¹⁵

The Commission finds the treatment of this prepaid asset to be reasonable and therefore accepts the adjustment as proposed in the Application.

Rate Case Expenses

Northern Kentucky District reported that it expended \$62,151 for rate case expenses through March 8, 2019. Northern Kentucky District has not requested to recover any rate case expenses in its pro forma adjustments. It is atypical for a utility to not request recovery of the costs associated with a rate case proceeding, but the Commission will not address this in the current rate case, but rather evaluate the reasonableness of rate case expenses in Northern Kentucky District's next base rate case if recovery is requested.

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Total Cost of Reservoir Cleaning	\$	2,819,605
Divide by: 10 Years		<u>10</u>
Pro Forma Adjustment	\$	<u>281,961</u>

REVENUE REQUIREMENT DETERMINATION

Based on the adjustments as discussed above, Northern Kentucky District's current debt service, and the tentative debt service requirements of the bond issuance approved in this Application, Northern Kentucky District's Overall Revenue Requirement is \$63,496,390, which results in a Required Revenue Increase of \$6,214,362 as calculated below.

Pro Forma Operating Expenses	\$39,146,466
Plus: Average Annual Principal and Interest Payments	20,291,603
Additional Working Capital	<u>4,058,321</u>
Overall Revenue Requirement	63,496,390
Less: Other Operating Revenue	(1,391,167)
Surcharge Income	(558,094)
Interest Income	(1,245,942)
Nonutility Income	<u>(414,392)</u>
Revenue Required from Rates	59,886,795
Less: Pro Forma Present Rate Service Revenues	<u>(53,672,433)</u>
Required Revenue Increase	<u>\$ 6,214,362</u>
Percentage Increase	<u>11.58%</u>

REVENUE ALLOCATION AND RATE DESIGN

Cost-of-Service Study

Northern Kentucky District included with its Application a Cost-of-Service Study (COSS) performed by the firm of Gannett Fleming Valuation and Rate Consultants, LLC. The study was performed following the procedures recommended by the American Water Works Association (AWWA) in its "Water Rates Manual M-1 Seventh Edition for the Base-Extra Capacity Method." In the past, the Commission has recognized the guidelines of

the AWWA Manual M-1 as proper ratemaking procedures for water systems and accepts the study's findings.

Requested Rates

Northern Kentucky District's proposed rates are based on the rate design currently applied to Northern Kentucky District's retail customers. The proposed rates consist of a service charge by meter size that has no volumetric allowance and a three-step declining-block commodity charge. Under the proposed rate structure, Northern Kentucky District will continue to charge wholesale customers a flat per-CCF commodity charge.

Northern Kentucky District proposed to increase the monthly customer service charge \$2.10 from \$16.40 to \$18.50, or a 12.80 percent increase, and the quarterly customer service charge \$7.70 from \$32.80 to \$40.50, or a 23.48 percent increase. Northern Kentucky District in past rate cases has gradually moved the customer service charge toward the allocated COSS. The proposed 5x8-inch meter service charge in this case is within a few cents of the costs determined in the Application's COSS.

Northern Kentucky District proposed to phase in its requested rate increase over two years. In Phase 1, Northern Kentucky District proposed that rates sufficient to recover 50 percent of the requested increase become effective upon approval of the Commission in this proceeding. In Phase 2, the remaining 50 percent of the proposed increase would become effective one year after the date that Phase 1 rates became effective.

The Commission finds that Northern Kentucky District's proposed rate design and phased-in approach to increase rates is reasonable and should be approved.

TARIFF REVISIONS

Service Connection Fees

Northern Kentucky District proposed to increase its Service Connection Fees for 5/8" meters by \$250, from \$750 to \$1,000, and 1" meters by \$400, from \$1,100 to \$1,500. Cost justification supporting these increases was provided in Northern Kentucky District's Application¹⁶ and in response to Commission Staff's Second Request for Information (Staff's Second Request), Item 18. The Commission finds the proposed increases to Northern Kentucky District's Service Connection Fees to be reasonable and that they should be approved.

Credit Card Fee

Northern Kentucky District proposed to add language to the tariff allowing it to charge customers a fee when they pay by credit/debit card. The amount of the fee will be the amount that Northern Kentucky District is charged by the credit/debit card processing company. Prior to processing the transaction, the customer will be informed of the fee amount, and upon request, the formula employed to arrive at the fee amount. Northern Kentucky District indicated that customers would have the option to cancel or continue the transaction after receiving notice of the fee amount. Northern Kentucky District also indicated that customers who sign up for automatic payment will be made aware of the recurring processing fee and will have the option to opt out at any time.¹⁷ The Commission finds the proposed credit card fee reasonable and that it should be approved.

¹⁶ Application, Exhibit Q1.1 and Exhibit Q1.2.

¹⁷ Northern Kentucky District's Response to Staff's Second Request, Item 6.

OTHER ISSUES

Future Infrastructure Projects

Northern Kentucky District provided a list of infrastructure projects with an estimated capital cost of \$119,931,000 that it anticipates will be needed over the next five years as part of the replacement of aging infrastructure.¹⁸ Northern Kentucky District provided this information to put the Commission on notice that Northern Kentucky District will file a series of requests in the future for CPCNs and requests for rate increases related to the infrastructure replacement projects.¹⁹

The Commission does not need to take action on these projects at this time. When Northern Kentucky District files CPCN and financing requests for these infrastructure projects, the Commission will consider the applications under the statutory standards set forth in KRS 278.020 and KRS 278.300, and any other applicable statutes.

SUMMARY OF FINDINGS

Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. The proposed bond issuance is for lawful objects within the corporate purposes of Northern Kentucky District; is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public; will not impair its ability to perform that service; is reasonable, necessary, and appropriate for such purposes; and should be approved.

¹⁸ Application, Exhibit 4; Direct Testimony of Amy Kramer (Kramer Testimony) at lines 63–69.

¹⁹ Rehtin Testimony at lines 68–73.

2. The actual costs of issuance will not be known until the refinancing transaction is finalized. Therefore, Northern Kentucky District should provide the Commission an updated version of the Application, Exhibit A, reflecting the cash flow analysis of the bond issuance within 30 days of finalizing the transaction.

3. Within 30 days of the execution of the bond issuance, Northern Kentucky District should file with the Commission one copy in paper medium and an electronic version of the loan documentation including the date or dates of issuance and terms of the new bond authorized, including the interest rate(s).

4. The proceeds of the proposed bond issuance should be used only for the lawful purposes set out in Northern Kentucky District's Application.

5. The terms and conditions of the bond issuance should be consistent with the refinancing program as described in Northern Kentucky District's application.

6. Based upon its adjusted test-year operations, the rates that Northern Kentucky District proposed to place in effect in Phase 1 will generate revenues from water service of \$56,726,531 and should be approved.

7. Based upon its adjusted test-year operations, the rates that Northern Kentucky District proposed to place in effect in Phase 2 will generate revenues from water service of \$59,823,048 and should be approved.

8. Northern Kentucky District's request to modify its service connection fees is reasonable and should be approved.

9. Northern Kentucky District's request to implement a credit card fee is reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. Northern Kentucky District is authorized to issue bonds up to \$19,600,000, but no more than the total amount needed to pay off the BAN proposed to be refinanced as identified in the Application. The loan maturity date and interest rate shall be in accordance with the refinancing program as described in Northern Kentucky District's Application.

2. Northern Kentucky District shall execute the bond issuance as authorized herein.

3. Northern Kentucky District shall provide the Commission an updated version of the Application, Exhibit A, reflecting the cash flow analysis of the bond issuance within 30 days of finalizing the transaction.

4. Within 30 days of the issuance of the bond, Northern Kentucky District shall file with the Commission the loan documentation with a statement setting forth the date or dates of issuance and terms of the new bond authorized, including the interest rate(s).

5. Northern Kentucky District's proposed rates are approved.

6. The Phase 1 rates as set forth in Appendix A to this Order are approved for service rendered by Northern Kentucky District on and after the date of this Order.

7. The Phase 2 rates as set forth in Appendix B to this Order are approved for service rendered by Northern Kentucky District effective on the first anniversary of the date of this Order.

8. One month prior to the effective date of the Phase 2 rates, Northern Kentucky District shall publish a notice with the rate schedule as set forth in Appendix C to this Order.

9. Within 45 days of publishing notice required in ordering paragraph 8, Northern Kentucky District shall file proof of notice as required pursuant to 807 KAR 5:076, Section 5(3).

10. Within 20 days of the date of this Order, Northern Kentucky District shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting out the Phase 1 rates, Phase 2 rates, the credit card fee, and the service connection fees approved herein and reflecting that they were authorized by this Order.

11. Any documents filed pursuant to ordering paragraphs 3, 4, and 9 of this Order shall reference the case number and shall be retained in the post-case correspondence file.

12. This case is closed and removed from the Commission's docket.

By the Commission

ENTERED
MAR 26 2019
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2018-00291

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00291 DATED **MAR 26 2019**

The following rates and charges are prescribed for the customers in the area served by Northern Kentucky Water District for service rendered on and after the date of this Order. All other rates and charges not specifically mention in this Appendix shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

PHASE 1

<u>Meter Size</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8-inch	\$17.50	\$36.65
3/4-inch	17.90	38.45
1-inch	19.60	44.15
1 1/2-inch	22.10	52.20
2-inch	27.90	73.20
3-inch	67.30	227.85
4-inch	84.40	285.50
6-inch	124.90	421.90
8-inch	168.70	576.55
10-inch	224.30	752.80

Consumption Charges

Monthly

First 1,500 cubic feet	\$4.65 Per 100 cubic feet
Next 163,500 cubic feet	4.19 Per 100 cubic feet
Over 165,000 cubic feet	3.07 Per 100 cubic feet

Quarterly

First 4,500 cubic feet	\$4.65 Per 100 cubic feet
Next 490,500 cubic feet	4.19 Per 100 cubic feet
Over 495,000 cubic feet	3.07 Per 100 cubic feet

Wholesale Water Rates	\$3.78 Per 1,000 Gallons	\$2.83 Per 100 cubic feet
Bulk Sales	\$6.22 Per 1,000 Gallons	

Service Connection fee

5/8-Inch meter connection	\$1,000.00
1-Inch meter connection	\$1,500.00

Credit Card fee	Actual Bank Charged Fee
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APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2018-00291 DATED **MAR 26 2019**

The following rates and charges are prescribed for the customers in the area served by Northern Kentucky Water District for service rendered on and after the first anniversary of the date of this Order. All other rates and charges not specifically mention in this Appendix shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

PHASE 2

<u>Meter Size</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8-inch	\$18.50	\$40.50
3/4-inch	19.00	42.50
1-inch	20.80	48.80
1 1/2-inch	23.40	57.70
2-inch	29.60	80.90
3-inch	71.30	251.80
4-inch	89.50	315.50
6-inch	132.40	466.20
8-inch	178.80	637.10
10-inch	237.80	831.90

Consumption Charges

Monthly

First 1,500 cubic feet	\$4.77 Per 100 cubic feet
Next 163,500 cubic feet	4.44 Per 100 cubic feet
Over 165,000 cubic feet	3.25 Per 100 cubic feet

Quarterly

First 4,500 cubic feet	\$4.77 Per 100 cubic feet
Next 490,500 cubic feet	4.44 Per 100 cubic feet
Over 495,000 cubic feet	3.25 Per 100 cubic feet

Wholesale Water Rates	\$3.98 Per 1,000 Gallons	\$2.98 Per 100 cubic feet
Bulk Sales	\$6.38 Per 1,000 Gallons	

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00291 DATED **MAR 26 2019**

NOTICE TO THE CUSTOMERS OF
NORTHERN KENTUCKY WATER DISTRICT

<u>Meter Size</u>	<u>Current Per Month</u>	<u>Phase 2 Per Month</u>	<u>Percent Change</u>	<u>Current Per Quarter</u>	<u>Phase 2 Per Quarter</u>	<u>Percent Change</u>
5/8-inch	\$17.50	\$18.50	5.7%	\$36.65	\$40.50	10.5%
3/4-inch	17.90	19.00	6.1%	38.45	42.50	10.5%
1-inch	19.60	20.80	6.1%	44.15	48.80	10.5%
1 1/2-inch	22.10	23.40	5.9%	52.20	57.70	10.5%
2-inch	27.90	29.60	6.1%	73.20	80.90	10.5%
3-inch	67.30	71.30	5.9%	227.85	251.80	10.5%
4-inch	84.40	85.90	1.8%	285.50	315.50	10.5%
6-inch	124.90	132.40	6.0%	421.90	466.20	10.5%
8-inch	168.70	178.80	6.0%	576.55	637.10	10.5%
10-inch	224.30	237.80	6.0%	752.80	831.90	10.5%

<u>Consumption Charges</u>	<u>Current</u>		<u>Phase 2</u>		<u>Percent Change</u>
<u>Monthly</u>					
First 1,500 cubic feet	\$4.65	Per 100 cubic feet	\$4.77	Per 100 cubic feet	2.6%
Next 163,500 cubic feet	4.19	Per 100 cubic feet	4.44	Per 100 cubic feet	6.0%
Over 165,000 cubic feet	3.07	Per 100 cubic feet	3.25	Per 100 cubic feet	5.9%
<u>Quarterly</u>					
First 4,500 cubic feet	\$4.65	Per 100 cubic feet	\$4.77	Per 100 cubic feet	2.6%
Next 490,500 cubic feet	4.19	Per 100 cubic feet	4.44	Per 100 cubic feet	6.0%
Over 495,000 cubic feet	3.07	Per 100 cubic feet	3.25	Per 100 cubic feet	5.9%
<u>Wholesale Water Rates</u>					
	\$3.78	Per 1,000 Gallons	\$3.98	Per 1,000 Gallons	5.3%
	2.83	Per 100 cubic feet	2.98	Per 100 cubic feet	5.3%
<u>Bulk Sales</u>					
	\$6.22	Per 1,000 Gallons	\$6.38	Per 1,000 Gallons	2.6%

*Alex Mattingly
Northern Kentucky Water District
2835 Crescent Springs Road
P. O. Box 18640
Erlanger, KY 41018-0640

*Honorable John N Hughes
Attorney at Law
124 West Todd Street
Frankfort, KENTUCKY 40601

*Lindsey Rehtin
Northern Kentucky Water District
2835 Crescent Springs Road
P. O. Box 18640
Erlanger, KY 41018-0640

*Northern Kentucky Water District
2835 Crescent Springs Road
P. O. Box 18640
Erlanger, KY 41018-0640