

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY-)	
AMERICAN WATER COMPANY FOR AN)	
ADJUSTMENT OF RATES, A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY FOR)	CASE NO.
INSTALLATION OF ADVANCED METERING)	2023-00191
INFRASTRUCTURE, APPROVAL OF)	
REGULATORY AND ACCOUNTING)	
TREATMENTS, AND TARIFF REVISIONS)	

ORDER

On May 3, 2023, the Commission issued a final Order addressing Kentucky-American Water Company's (Kentucky-American) application for an adjustment of water rates, a Certificate of Public Convenience and Necessity (CPCN) for Advanced Metering Infrastructure (AMI) meters, modifications to its Qualified Infrastructure Program (QIP), establishment of regulatory assets and liabilities, establishment of an alternative level of unaccounted for water loss, a universal affordability tariff, and revised tariffs.¹ On May 16, 2024, Kentucky-American filed a petition, pursuant to KRS 278.400, requesting a rehearing to correct five different material calculations of the final Order entered May 3, 2024. Two of the issues were resolved by Orders issued on May 17, 2024,² and May 28, 2024.³ On May 16, 2024, Kentucky-American also filed a motion for an informal conference (IC) pursuant to 807 KAR 5:001, Section 9(4). On May 21, 2024, the Attorney

¹ The Application was deemed filed on July 7, 2023.

² Order (Ky. PSC May 17, 2024).

³ Order (Ky. PSC May 28, 2024).

General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (Attorney General), and Lexington-Fayette Urban County Government (LFUCG) filed a joint petition for rehearing (Joint Petition for Rehearing).⁴ On May 23, 2024, LFUCG filed a response to Kentucky-American's petition for rehearing with no objections.⁵ On May 23, 2024, Kentucky-American filed a response to the Attorney General and LFUCG's Joint Petition for Rehearing.⁶

The Commission addressed both petitions for rehearing in an Order issued May 28, 2024. In the May 28, 2024 Order, the Commission granted, in part, and denied, in part, Kentucky-American's petition. The Commission granted the Attorney General and LFUCG's Joint Petition for Rehearing.⁷ The Commission also issued a procedural schedule for the rehearing portion of the proceeding.⁸ On May 29, 2024, an IC was held.⁹ On May 31, 2024, Kentucky-American filed a motion to suspend the refund process until after the rehearing process is complete.¹⁰ Kentucky-American also requested to suspend consideration of the revised tariff that it submitted until the conclusion of the rehearing process.¹¹ On June 27, 2024, the Commission issued an Order denying Kentucky-

⁴ The Attorney General and LFUCG's Joint Petition for Rehearing (Joint Petition for Rehearing) (filed May 21, 2024).

⁵ LFUCG's Response to Kentucky-American's Petition for a Rehearing (LFUCG's Response) (filed May 23, 2024).

⁶ Kentucky-American's Response to Attorney General and LFUCG's Joint Petition for Rehearing (Kentucky-American's Response) (filed May 23, 2024).

⁷ Order (Ky. PSC May 28, 2024).

⁸ Order (Ky. PSC May 28, 2024).

⁹ IC Memo (filed Aug. 8, 2024).

¹⁰ Kentucky-American's Motion to Suspend the Refund Process Until After the Rehearing Process is Complete (Motion to Suspend Refund Process) (filed May 31, 2024) at 1.

¹¹ Motion to Suspend Refund Process at 4.

American's requests citing that KRS 278.190(4) requires a utility to issue refunds within 60 days after a final determination of the proceeding.

Kentucky-American responded to two additional requests for information from Commission Staff.¹² On July 15, 2024, Kentucky-American filed a request to submit the rehearing matter on the record. On July 25, 2024, the Attorney General and LFUCG filed a joint request to submit the rehearing matter on the record. The matter now stands for a decision on the record.

DISCUSSION AND FINDINGS

Kentucky-American's Petition

1. Effective Date for Amended Rates

Kentucky-American requested that any new rates approved through rehearing be effective for service rendered on and after February 6, 2024.¹³ Kentucky-American argued that the Commission has consistently held that such relief is appropriate.¹⁴ Kentucky-American cited two cases to support its argument: Case No. 2023-00154¹⁵ and Case No. 2011-00036.¹⁶ In Case No. 2023-00154, Kentucky-American stated that the Commission issued an order correcting errors and ordered the utility to collect any under collection or issue any refunds for differences between the rates placed into effect in the

¹² Kentucky-American's Response to Commission Staff's First Rehearing Request for Information (Staff's First Rehearing Request) (filed June 14, 2024); Kentucky-American's Response to Commission Staff's Second Rehearing Request for Information (Staff's Second Rehearing Request) (filed July 1, 2024).

¹³ Kentucky-American's Petition for Rehearing (Petition for Rehearing) (filed May 16, 2024) at 2.

¹⁴ Petition for Rehearing at 3.

¹⁵ Case No. 2023-00154, *Electronic Application of Harrison County Water Association, Inc. for an Alternative Rate Adjustment* (Ky. PSC Mar. 25, 2024).

¹⁶ Case No. 2011-00036, *Application of Big Rivers Electric Corporation for a General Adjustment in Rates* (Ky. PSC Jan. 29, 2013).

original order and the rates placed into effect in the subsequent order.¹⁷ Kentucky-American stated that in Case No. 2011-00036, the Commission held that two clerical errors (error of omission and mathematical error) were plainly shown in the record and rates should be adjusted retroactively to correct those errors.¹⁸

LFUCG stated that the issue appeared to be straightforward and did not object to a substantive determination by the Commission.¹⁹

Having reviewed the relevant record, the rehearing pleadings, and being otherwise sufficiently advised, the Commission finds that Kentucky-American's request that new rates approved through this rehearing Order be effective for service on and after February 6, 2024, should be denied. The Commission distinguishes the cases cited by Kentucky-American and the present case. In Case No. 2023-00154,²⁰ the adjustment related to typographical errors in a rate appendix that were corrected through a *nunc pro tunc*, and in Case No. 2011-00036,²¹ the adjustment pertained to clerical errors—specifically, an error of omission and a simple mathematical mistake.²² Both cases involved clerical errors that were plainly shown in the record, which justified the correction of rates retroactively.

¹⁷ Case No. 2023-00154, *Electronic Application of Harrison County Water Association, Inc. for an Alternative Rate Adjustment* (Ky. PSC Mar. 25, 2024).

¹⁸ Case No. 2011-00036, Feb. 21, 2013 Order at 15.

¹⁹ LFUCG's Response at 2.

²⁰ Case No. 2023-00154, Mar. 25, 2024 Order at 1.

²¹ Case No. 2011-00036, Jan. 29, 2013 Order at 14–15.

²² The error of omission was the failure to update rate case expense when updates had been filed. The simple mathematical error was a typographical error in the difference between the test-period and pro forma depreciation expense, which correctly cited the expense numbers but understated the adjustment by \$450,000.

However, in the present case, Kentucky-American provided incorrect data in response to a data request, specifically related to its QIP.²³ The distinction is critical. If the utility supplies erroneous figures, any subsequent calculations or conclusions drawn by the Commission based on that data cannot be viewed as a clerical or mathematical error on the part of the Commission. Instead, the errors stem from the utility's own incorrect information.

Kentucky-American's incorrect information affected the overall revenue requirement calculation. In this case, Kentucky-American was responsible for the mistake that led to these errors. The Commission cannot subsequently be expected to extrapolate the individual items this incorrect information impacted in order to allow retroactive recovery of the difference in rates on a piecemeal basis. There was no requirement in this case for Kentucky-American to implement rates prior to a final Order.

Therefore, Kentucky-American's request to relate the effective date back to the suspension date is not analogous to the circumstances in the cited cases. In this instance, the utility's inclusion of incorrect data means the Commission's conclusions were not the result of an error on its part. The Commission did not make a clerical or typographical error. Kentucky-American recognized as much when it did not request a *nunc pro tunc* and in response to a request for information from Commission Staff, claimed the error resulted in a punitive mismatch which would deprive Kentucky-American of the opportunity to earn the return on equity established in the May 3, 2024 Order.²⁴ A typographical or clerical error is not punitive in nature. As such, the effective date of any

²³ Kentucky-American's Response to Commission Staff's Third Request for Information (filed Sept. 21, 2023), Item 1.

²⁴ Kentucky-American's Response to Staff's First Rehearing Request, Item 1.

new rates approved through rehearing should not be retroactive back to February 6, 2024, and Kentucky-American's request should be denied. The rates set out in Appendix B are found to be fair, just and reasonable and have an effective date of the issuance date of this Order. The Commission notes that no further refunds are required apart from those ordered by the Commission on May 3, 2024, as modified on May 17, 2024.

2. Annual Qualified Infrastructure Program (QIP) In Present Rate Revenues

In its application, Kentucky-American requested that the Commission incorporate the rate base, expenses, and revenues associated with the QIP mechanism into base rates.²⁵ In the May 3, 2024 final Order, the Commission denied Kentucky-American's request to roll the QIP into base rates.²⁶ Kentucky-American argued that while the final Order removed the roll-in of QIP items in the revenue requirement to account for the reduction in rate base and for the reduction in operating expenses, it failed to reduce Kentucky-American's annual revenues related to QIP that Kentucky-American included within its present rate revenues.²⁷ Kentucky-American stated that, because of the inclusion of annual revenues related to QIP, the final Order understated Kentucky-American's required revenue increase.²⁸ Kentucky-American argued that the effect of failing to remove the annual QIP revenues from base rates materially overstated its present rate revenues by \$9,851,113 and understated its annual revenue increase in base rates by \$1,489,822.²⁹ Kentucky-American argued that this error created a punitive

²⁵ Application, Exhibit 3, page 52.

²⁶ Final Order (Ky. PSC May 3, 2024) at 13 and 75.

²⁷ Petition for Rehearing at 4.

²⁸ Petition for Rehearing at 4.

²⁹ Petition for Rehearing at 4.

mismatch, whereby the revenues received from the QIP are counted as base rates, but the expenses and rate base have been removed thereby depriving it of an opportunity to earn the 9.70 percent return on equity (ROE) awarded by the Commission.³⁰

Having reviewed the relevant record, the rehearing pleadings, and being otherwise sufficiently advised, the Commission finds that, although the May 3, 2024 final Order made the \$8,361,292 adjustment that Kentucky-American provided in discovery, the \$9,851,113 proposed revenue adjustment is reasonable and should be made. However, the Commission finds that the effect on the revenue requirement increase is not the \$1,489,822 difference in the revenue and expense adjustments because the expense reductions were already included in the May 3, 2024 final Order revenue requirement increase. The Commission finds the test-year revenues should be reduced by \$9,851,113, as shown in Appendix A.

3. Income Tax Expense

In its petition for rehearing, Kentucky-American argued that the final Order materially understated its income tax expense, and the Commission's adjustments result in an increase of Kentucky-American's taxable income at present rate revenues, through decreases to operating expenses, depreciation expense, and general taxes.³¹ Kentucky-American stated that, despite utilizing a taxable income amount greater than that proposed, the Commission decreased Kentucky-American's state income tax expense by \$565,343 and federal income tax expense by \$2,255,717.³² Kentucky-American stated

³⁰ Petition for Rehearing at 4–5.

³¹ Petition for Rehearing at 5.

³² Petition for Rehearing at 5.

there was no explanation in the final Order regarding the adjustments to tax expense.³³ Kentucky-American argued that, given its state statutory tax rate is 5 percent of taxable income and its federal statutory tax rate is 21 percent, the Commission's increase in Kentucky-American's taxable income should result in a corresponding increase in Kentucky-American's tax expense.³⁴ Kentucky-American further argued that the Commission's calculation of Kentucky-American's income tax expense results in an effective tax rate of only 9 percent- far below its actual statutory tax rate of 24.95 percent,³⁵ resulting in an understatement in the necessary income tax expenses within rates.³⁶

Having reviewed the relevant record, the rehearing pleadings, and being otherwise sufficiently advised, the Commission finds that Kentucky-American is correct that the income tax expense was miscalculated in the May 3, 2024 final Order and it should be corrected. However, the adjustments to QIP revenues, operating expenses, and the capital structure discussed herein will alter the income tax expense. The Commission, therefore, has included all revenue requirement items approved by this Order in the revised calculation, as shown in Appendix A, which uses the statutory rates for income taxes.

³³ Petition for Rehearing at 5.

³⁴ Petition for Rehearing at 5.

³⁵ Application, Exhibit 37, Schedule H. Excluding the Bad Debt Rate and Utility Regulatory Assessment Fee, the composite statutory rate is 24.95 percent.

³⁶ Petition for Rehearing at 6.

4. Capital Structure

Kentucky-American proposed a 13-month average capital structure at January 31, 2025, of 0.96 percent short-term debt, 46.21 percent long-term debt, 0.38 percent preferred stock, and 52.45 percent common equity in its application.³⁷ During the pendency of the case, Kentucky-American revised its proposed capital structure to include 1.54 percent short-term debt, 45.87 percent long-term debt, 0.38 percent preferred stock, and 52.22 percent common equity.³⁸ Kentucky-American stated these revisions were proposed due to a timing shift in the issuance of long-term debt.³⁹ In the final Order, the Commission noted that Kentucky-American revised its capital structure as part of its base period update and rebuttal testimony, and found that Kentucky-American's revised capital structure accurately projected the test-year capitalization requirements.⁴⁰ The final Order also found that Kentucky-American's pre-tax rate of return was 9.07 percent.⁴¹

In its petition for rehearing, Kentucky-American stated that it appeared the Commission utilized the as-filed capital structure in calculating the pre-tax rate of return instead of the revised capital structure. Kentucky-American argued that the revised capital structure would result in a pre-tax rate of return of 9.01 percent.

Having reviewed the relevant record, the rehearing pleadings, and being otherwise sufficiently advised, the Commission finds that Kentucky-American is correct that the

³⁷ Direct Testimony of Nicholas Furia at 4. Petition for Rehearing at 6.

³⁸ Rebuttal Testimony of Nicholas Furia at 6–7.

³⁹ Rebuttal Testimony of Nicholas Furia at 4–5.

⁴⁰ May 3, 2024 final Order at 28.

⁴¹ May 3, 2024 final Order at 40.

capital structure and rate of return were incorrect in the May 3, 2024 final Order revenue requirement calculation and they should be corrected to use a pre-tax rate of return of 9.01 percent. The Commission has included all revenue requirement items approved by this Order in the revised calculation, as shown in Appendix A, which uses the rate of return proposed in Kentucky-American's rebuttal testimony and approved in the May 3, 2024 final Order.

Attorney General and LFUCG's Petition

1. Capital Structure

In the Joint Petition for Rehearing, the Attorney General and LFUCG stated that the Commission used a rate of return of 9.07 percent to calculate Kentucky-American's awarded revenue requirement increase.⁴² The Attorney General and LFUCG argued that based upon their calculations the correct rate of return should have been 9.007 percent.⁴³ The Attorney General and LFUCG argued that if the Commission had used the correct 9.007 percent rate of return to calculate Kentucky-American's awarded revenue requirement increase the rate increase would have been reduced by approximately \$308,339.⁴⁴ The Attorney General and LFUCG requested that the Commission correct the rate of return from 9.07 percent to 9.007 percent.⁴⁵

In its response, Kentucky-American agreed that the math in the Joint Petition for Rehearing was correct.⁴⁶ However, Kentucky-American stated that the calculation

⁴² May 3, 2024 final Order at 40.

⁴³ Joint Petition for Rehearing at 2.

⁴⁴ Joint Petition for Rehearing at 3.

⁴⁵ Joint Petition for Rehearing at 3.

⁴⁶ Kentucky-American's Response at 2.

provided by the Attorney General and LFUCG relied on a revenue conversion factor of 1.342559 or 134.2559 percent.⁴⁷ Kentucky-American argued that the correct revenue conversion factor is 1.342300 or 134.2300 percent.⁴⁸ Kentucky-American further argued that using the revenue conversion factor of 1.342300 or 134.2300 percent would make the Attorney General and LFUCG's suggested rate of return 9.006⁴⁹ percent or 9.01 percent, if rounded.⁵⁰

Having reviewed the relevant record, the rehearing pleadings, and being otherwise sufficiently advised, the Commission finds that the rate of return was incorrect in the May 3, 2024 final Order revenue requirement calculation and should be corrected. However, the Commission disagrees with the Attorney General and LFUCG's suggested rate of return of 9.007 because the revenue conversion factor was not updated; although with rounding, both calculations result in a rate of return of 9.01 percent. As discussed above, the Commission finds that the correct rate of return is 9.01 percent, and it is included in the revised revenue requirement calculation shown in Appendix A.

2. Revenue Requirement Calculation

In their Joint Petition for Rehearing, the Attorney General and LFUCG noted that Kentucky-American requested a \$26,051,990 revenue requirement increase in its application that was revised downward to \$25,563,294.⁵¹ The Attorney General and LFUCG stated that the Commission approved and utilized Kentucky-American's revised

⁴⁷ Kentucky-American's response at 2.

⁴⁸ Kentucky-American's Response at 2.

⁴⁹ The Attorney General and LFUCG requested a 9.007 rate of return.

⁵⁰ Kentucky-American's Response at 2.

⁵¹ Joint Petition for Rehearing at 3.

capital structure and noted the reduced, revised rate increase request,⁵² however the original requested rate increase was utilized to determine the awarded revenue requirement increase.⁵³ The Attorney General and LFUCG requested clarification as to whether the Commission incorporated the \$503,644 reduction to set the awarded revenue requirement.⁵⁴ The Attorney General and LFUCG argued if the updated reduction of \$503,644 was not incorporated to set the awarded revenue requirement, that Kentucky-American's awarded revenue requirement increase should be recalculated utilizing the revised requested revenue requirement increase of \$25,563,644 instead of the original requested revenue requirement increase of \$26,051,990.⁵⁵

Kentucky-American agreed with the Attorney General and LFUCG that the as-filed revenue requirement increase was \$26,051,990 and that it was revised to \$25,563,294 during the case.⁵⁶ Kentucky-American further asserted that it had demonstrated that its corrected total base rate revenue requirement was \$123,140,707, which accounted for both issues raised by the Attorney General and LFUCG's Petition.

Kentucky-American made discrete adjustments to its original revenue requirement increase in its rebuttal testimony and base period update.⁵⁷ These adjustments were to miscellaneous expenses, customer account expenses, Board of Director expenses, and

⁵² May 3, 2024 final Order at 28.

⁵³ Joint Petition for Rehearing at 3.

⁵⁴ Joint Petition for Rehearing at 5.

⁵⁵ Joint Petition for Rehearing at 5.

⁵⁶ Kentucky-American's Response at 2.

⁵⁷ Base Period Update (filed Nov. 8, 2023), unnumbered page 1 and Rebuttal Testimony of Jeffery Newcomb (filed Nov. 8, 2023) at 2.

the capital structure. The adjustments to miscellaneous expenses were already included in the May 3, 2024, final Order⁵⁸ and the revised capital structure is addressed above. Having reviewed the relevant record, the rehearing pleadings, and being otherwise sufficiently advised, the Commission finds that the adjustments to customer account expenses and Board of Director expenses should be made, as both Kentucky-American and Joint Intervenors support these adjustments for known errors and changes in estimates. Therefore, the Commission finds that the Board of Directors expenses should be reduced by \$149,023⁵⁹ and increase customer accounting expenses for e-checks by \$73,359,⁶⁰ for a net expense reduction of \$75,664.

Total Revenue Requirement

The effect of the Commission's adjustments is a total revenue requirement increase of \$17,335,374, as shown in Appendix A, which includes all items discussed above. This is an increase of \$6,728,857 from the final Order increase of \$10,606,517. This reflects a \$8,716,616 decrease of Kentucky-American's requested revenue increase of \$26,051,990.

IT IS THEREFORE ORDERED that:

1. Kentucky-American's request that any new rates through the rehearing period be effective for service rendered on and after February 6, 2024 is denied.
2. Kentucky's petition for rehearing as it relates to annual QIP revenue in present rate revenues, income tax expense, and capital structure is granted.

⁵⁸ May 3, 2024 final Order at 22.

⁵⁹ Kentucky-American's Response to the Attorney General's First Request for Information, Item 6.

⁶⁰ Kentucky-American's Response to the Attorney General's Second Request for Information, Item 27.

3. The Attorney General and LFUCG's petition for a rehearing requesting a rate of return of 9.007 is denied.

4. The Attorney General and LFUCG's petition for a rehearing is granted as it relates to the revenue requirement calculation, as discussed herein.

5. The Commission's May 3, 2024 final Order, as modified by the May 17, 2024 Order, is amended to reflect the modifications discussed in this Order.

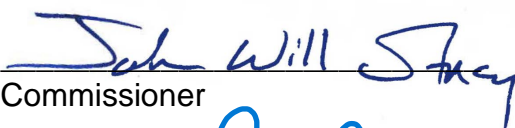
6. All other provisions of the May 3, 2024 final Order, as modified by the May 17, 2024 Order; May 28, 2024 Order, and June 27, 2024 Order not in conflict with this Order shall remain in full force and effect.

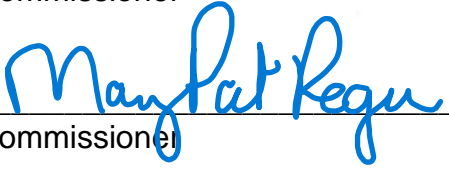
7. Within 20 days of the date of service of this Order, Kentucky-American shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

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

PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ENTERED
Nov 06 2024 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00191 DATED NOV 06 2024

Operating Revenues at Present Rates	104,998,231
Less Total Expenses	<u>82,380,546</u>
Present Rate Operating Income	<u><u>22,617,684</u></u>
Net Rate Base	489,426,491
Rate of Return	<u>7.26%</u>
Operating Income Required	35,532,363
Less: Present Rate Operating Income	<u>22,617,684</u>
Deficiency	12,914,679
Gross Revenue Conversion Factor	<u>134.2300%</u>
Required Revenue Increase	<u><u>17,335,374</u></u>

	Base Period	Kentucky- American Adjustments	Commission Adjustments	Forecasted Year at Present Rates	Adjustment for Proposed Rates	Forecasted Test Year at Proposed Rates
Operating Revenues						
Water Revenues	110,021,445	2,014,209	(9,542,816)	102,492,838	17,335,374	119,828,211
Other Revenues	2,455,328	50,065	-	2,505,393		2,505,393
AFUDC	-	1,672,091	(1,672,091)	-		-
Total Revenues	112,476,773	3,736,365	(11,214,907)	104,998,231	17,335,374	122,333,604
Operating Expenses:						
Purchased Water	379,970	(10,996)	(20,573)	348,401		348,401
Fuel and Power	5,363,786	300,828	(786,604)	4,878,010		4,878,010
Chemicals	4,498,283	1,126,309	(313,653)	5,310,939		5,310,939
Waste Disposal	459,292	220,112	(37,888)	641,516		641,516
Salaries and Wages	8,933,356	34,265	(403,637)	8,563,984		8,563,984
Pension	30,661	106,242	-	136,903		136,903
OPEB	(698,945)	98,630	-	(600,315)		(600,315)
Group Insurance	1,412,762	159,912	-	1,572,674		1,572,674
Other Benefits	733,653	42,254	-	775,907		775,907
Support Services	11,996,359	523,069	(245,688)	12,273,740		12,273,740
Contract Services	1,226,754	210,930	(122,602)	1,315,082		1,315,082
Building Maintenance and Services	844,101	67,736	(67,736)	844,101		844,101
Telecommunications	217,280	57,769	-	275,049		275,049
Postage, Printing, and Stationary	14,087	(2,000)	-	12,087		12,087
Office Supplies and Services	283,848	(44,437)	(30,090)	209,321		209,321
Advertising and Marketing	-	-	-	-		-
Employee Related Expense	160,214	16,550	(19,777)	156,987		156,987
Miscellaneous Expense	708,688	98,626	(261,894)	548,574	22,571	571,145
Rents	37,581	9,598	(9,598)	37,581		37,581
Transportation	603,279	51,019	-	654,298		654,298
Uncollectible Accounts	488,418	188,276	(34,672)	642,003	104,706	746,709
Other Customer Accounting	126,998	351,974	(279,170)	199,802		199,802
Regulatory Expense	224	660,295	(328,272)	332,247		332,247
Insurance Other Than Group	1,416,883	236,421	-	1,653,304		1,653,304
Maintenance Supplies and Services	2,410,967	314,254	(123,962)	2,601,259		2,601,259
Total Operating Expenses	41,648,499	4,817,636	(3,085,814)	43,383,457	127,276	43,510,733
Other Expenses:						
Depreciation	21,356,111	7,384,226	(1,399,628)	27,340,709		27,340,709
Amortization of UPAA	23,284	(8,561)	-	14,723		14,723
Amortization Expense	63,980	(6,900)	-	57,080		57,080
State Income Taxes	1,417,262	(549,180)	(285,284)	582,641	860,405	1,443,046
Federal Income Taxes	4,859,514	(2,346,483)	(1,138,285)	1,374,121	3,433,015	4,807,136
Investment Tax Credits	(11,833)	11,833	-	-		-
General Taxes	8,817,187	1,834,407	(1,023,778)	9,627,816		9,627,816
Total Other Expenses	36,525,505	6,319,342	(3,846,975)	38,997,090	4,293,420	43,290,510
Total Expenses	78,174,004	11,136,978	(6,932,789)	82,380,546	4,420,697	86,801,243
Operating Income	34,302,769	(7,400,613)	(4,282,119)	22,617,684	12,914,677	35,532,361

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00191 DATED NOV 06 2024

The following rates and charges are prescribed for the customers in the area served by Kentucky-American Water Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

Monthly Service Charge

Meter Size

5/8" – Meter	\$17.55	Minimum Bill
3/4" - Meter	26.20	Minimum Bill
1" – Meter	43.60	Minimum Bill
1 1/2" – Meter	87.30	Minimum Bill
2" – Meter	139.70	Minimum Bill
3" – Meter	261.90	Minimum Bill
4" – Meter	436.60	Minimum Bill
6" – Meter	873.00	Minimum Bill
8" – Meter	1,396.80	Minimum Bill

Volumetric Charge

Service Type

Residential	\$0.0067291	Per Gallon
Commercial	0.0060875	Per Gallon
Industrial	0.0050324	Per Gallon
Other Public Authority	0.0056070	Per Gallon
Sales for Resale	0.0049527	Per Gallon
Judy Water	0.0049527	Per Gallon

Monthly Public or Private Fire Connections

2" Diameter	\$10.25	Per Month
4" Diameter	41.25	Per Month
6" Diameter	92.80	Per Month
8" Diameter	165.00	Per Month
10" Diameter	257.85	Per Month
12" Diameter	385.90	Per Month
14" Diameter	371.80	Per Month
16" Diameter	660.20	Per Month

Hydrant Charge

Public Hydrant	\$56.94	Per Month
Private Hydrant	89.53	Per Month

Bulk Sales (Through Loading Stations)

Rate per 50 Gal	\$0.20000
Rate per 100 Gal	0.40000

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