

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2023-00191
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 7**

Description of Filing Requirement:

Customer Notices

Response:

Please see attached.

For electronic version, see KAW_APP_EX07_063023.pdf.

NOTICE

Kentucky-American Water Company ("Kentucky American Water") expects to file on June 30, 2023, an application with the Kentucky Public Service Commission proposing to increase annual water service revenues by approximately 22.7%, net of Qualified Infrastructure Program ("QIP") revenues. The proposed annual revenue increases by customer classification are: Residential - \$14,130,047 (22.8%); Commercial - \$6,986,508 (23.4%); Industrial - \$683,834 (23.8%); Other Public Authority - \$1,760,344 (23.6%); Sales for Resale - \$267,017 (20.8%); Private Fire Service and Hydrants - \$851,837 (24.1%); Public Fire Hydrants - \$1,159,966 (23.6%); Miscellaneous ("Bulk Sales of Water through Loading Stations") - \$23,616 (22.2%). The proposed effective date of rates is for service rendered on and after July 30, 2023. Kentucky American Water has requested proposed rates be implemented to all customer classifications as shown below:

Average Monthly Bills:

	<u>Monthly Usage</u>	<u>Current Average Bill</u>	<u>Proposed Average Bill</u>	<u>\$ Change</u>	<u>% Change</u>
Residential (5/8")	3,800 gallons	\$40.77	\$49.73	\$8.96	22% Increase
Commercial (5/8")	35,516 gallons	221.05	271.31	50.26	23% Increase
Industrial (2")	1,832,715 gallons	8,855.93	10,881.20	2,025.27	23% Increase
Other Public Authority (2")	129,391 gallons	818.28	1,002.26	183.98	22% Increase
Sales for Resale (6")	1,183,706 gallons	6,369.81	7,807.22	1,437.41	23% Increase
Miscellaneous (1")	12,000 gallons	85.67	104.34	18.67	22% Increase
Private Fire Hydrant	N/A	84.66	104.30	19.64	23% Increase
Public Fire Hydrant	N/A	53.85	66.00	12.15	23% Increase
Private Fire Line (6")	N/A	87.76	107.90	20.14	23% Increase

Proposed Rate Increase for all customers:**Monthly Service Charge by Meter Size:**

<u>Meter Size</u>	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Change</u>	<u>% Increase</u>
5/8"	\$ 15.00	\$ 20.00	\$ 5.00	33%
3/4"	22.40	29.80	7.40	33%
1"	37.30	49.60	12.30	33%
1 1/2"	74.70	99.40	24.70	33%
2"	119.50	158.90	39.40	33%
3"	224.00	297.90	73.90	33%
4"	373.40	496.60	123.20	33%
6"	746.70	993.10	246.40	33%
8"	1,194.70	1,589.00	394.30	33%

Consumption Charges:

	<u>Current Rate</u>		<u>Proposed Rate</u>		<u>\$ Change</u>		<u>% Increase</u>
	<u>Per 1000 Gallons</u>	<u>Per 100 Gallons</u>	<u>Per 1000 Gallons</u>	<u>Per 100 Gallons</u>	<u>Per 1000 Gallons</u>	<u>Per 100 Gallons</u>	
Residential	\$5.7570	\$0.57570	\$7.8249	\$0.78249	\$2.0679	\$0.20679	36%
Commercial	5.2066	0.52066	7.0760	0.70760	1.8694	0.18694	36%
Industrial	4.3050	0.43050	5.8505	0.58505	1.5455	0.15455	36%
Other Public Authority	4.7960	0.47960	6.5179	0.65179	1.7219	0.17219	36%
Sales for Resale	4.2360	0.42360	5.7566	0.57566	1.5206	0.15206	36%
Miscellaneous	<u>Per 100 Gallons</u>	<u>Per 50 Gallons</u>	<u>Per 100 Gallons</u>	<u>Per 50 Gallons</u>	<u>Per 100 Gallons</u>	<u>Per 50 Gallons</u>	36%
	\$3.34800	\$1.67400	\$4.56130	\$2.28065	\$1.21330	\$0.60665	

Fire Protection:

<u>Private Fire Line Size</u>	<u>Current Monthly Rate</u>	<u>Proposed Monthly Rate</u>	<u>\$ Change</u>	<u>% Increase</u>
2"	\$ 8.76	\$ 11.90	\$ 3.14	36%
4"	35.28	48.00	12.72	36%
6"	79.37	107.90	28.53	36%
8"	141.09	191.90	50.81	36%
10"	220.51	299.90	79.39	36%
12"	330.03	448.80	118.77	36%
14"	317.98	432.50	114.52	36%
16"	564.63	767.90	203.27	36%
Private Fire Hydrant	76.57	104.30	27.73	36% Increase
Public Fire Hydrant	48.70	66.00	17.30	36% Increase

Kentucky American Water is proposing to reset the QIP surcharge to zero and incorporate the investment costs into base rates. The average monthly bills shown in this notice include the QIP surcharge in the current average bills and a \$0 amount for the QIP surcharge in the proposed average bills.

Kentucky American Water is also proposing modifications to its QIP and is requesting: a Certificate of Public Convenience and Necessity ("CPCN") to deploy Advanced Metering Infrastructure ("AMI"); addition of an AMI opt-out fee in the amount of \$28.00; an alternative level of reasonable unaccounted-for water loss under 807 KAR 5:066, Section 6(3); approval of a Universal Affordability Program; and certain regulatory and accounting treatments for Production Costs, Pension and Other Post-Employment Benefits, and Tax Expenses (excluding Sales Tax). Modifications to the QIP surcharge tariff would be applied to Residential, Commercial, Industrial, Other Public Authority, Sale for Resale, Public and Private Fire Service classifications for qualified infrastructure investments. The QIP surcharge would be calculated annually based on forecasted qualified infrastructure costs and applied to each customer's monthly bill. The QIP surcharge would then be updated annually until the next rate case, at which time the investment costs would be incorporated into base rates and the surcharge reset to zero. The AMI opt-out fee tariff would apply to all customers electing to opt-out of the AMI program, and the \$28.00 fee would be applied to each opt-out customer's monthly bill for the ongoing opt-out costs, including meter reading costs. The Universal Affordability Program would reduce the 5/8" meter monthly service charge by \$12.00 and the consumption charges rate by \$4.69494 per 1,000 gallons (\$0.469494 per 100 gallons) for qualified Residential customers with household incomes at zero to 50-percent of the federal poverty level and would reduce the 5/8" meter monthly service charge by \$4.00 and the consumption charges rate by \$1.56498 per 1,000 gallons (\$0.156498 per 100 gallons) for qualified Residential customers with household incomes at 50-percent to 100-percent of the federal poverty level. Kentucky American Water is proposing to revise the definition of "current estimated cost" of main extensions in new subdivisions by utilizing current material costs and bids received instead of the preceding year's costs. Finally, Kentucky American Water is proposing to: move Judy Water Association as a standalone customer in its tariff into the general Sale for Resale customer class; add language to the cross-connection portion of its tariff to make it clear that customers are responsible for the expenses for cross-connection testing, including processing fees; and revise language related to private fire service so that payment for such service is payable monthly in advance rather than quarterly in advance.

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

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

Comments regarding this application may be submitted by mail to the Public Service Commission, Post Office Box 615, Frankfort KY 40602; or through its website at <http://psc.ky.gov>.

The rates contained in this notice are the rates proposed by Kentucky American Water but the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Any person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, which establishes the grounds for the request including the status and interest of the party.

If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the providing of this notice, the Public Service Commission may take final action on the application.