

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.