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NEWS RELEASE

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Public Meeting Set in Kentucky-American Water Rate Case *PSC will take comments in Lexington and prior to formal hearing in Frankfort*

FRANKFORT, Ky. (May 6, 2013) – The Kentucky Public Service Commission (PSC) will hold a meeting in Lexington later this month to receive public comments on the request for a rate increase by the Kentucky-American Water Co.

The public comment meeting will be preceded by an information session during which PSC staff will explain the rate adjustment process and the criteria used to evaluate rate adjustment requests rates. The presentation will include an overview of the Kentucky-American Water application.

The meeting is scheduled for:

Tuesday, May 28 at 5:30 p.m. (public comments at 6:30 p.m.)
Auditorium
Bryan Station High School
201 Eastin Road
Lexington, Ky. 40505

Kentucky-American Water is seeking PSC authorization to increase annual revenue by about \$12.3 million per year, or about 14.6 percent. The company estimates that the monthly bill for a typical residential customer (using 4,500 gallons per month) would increase by \$5.76, or 17.6 percent, from the current \$32.75 per month to \$38.51 per month.

In addition to the base rate increase, Kentucky-American Water also is asking the PSC for permission to begin adjusting rates annually to cover the cost of infrastructure repairs and replacement and to account for fluctuations in the cost of energy and chemicals. The annual adjustments, which would be separate line items on customer bills, would be subject to PSC review and approval, but through a process less extensive than that in a rate case.

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In its application, Kentucky-American Water says the two adjustment mechanisms would lead to less frequent and smaller base rate adjustments. The company has said the current rate request is driven mostly by the need to recover the cost of capital improvements made since the last rate case in 2010.

Kentucky-American Water serves about 123,000 customers in 10 counties in central Kentucky. All but about 3,900 are in Lexington and surrounding communities.

The Kentucky-American application and related documents are available on the PSC website, psc.ky.gov. The case number is 2012-00520.

Persons wishing to address the proposed rate increase may speak at the meeting or may submit their comments in writing.

Written comments also may be mailed to the PSC at P.O. Box 615, Frankfort, Ky. 40602, faxed to 502-564-9625 or e-mailed via the PSC website.

The evidentiary hearing in the case will be held at the PSC offices at 211 Sower Boulevard in Frankfort on Tuesday, June 4, beginning at 10 a.m. EDT. The hearing, which may last several days, will be open to the public. Public comments will be taken at the beginning of the hearing. Written comments will be accepted through the conclusion of the hearing.

The evidentiary hearing may be viewed live on the PSC website.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 90 employees.

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