

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Kentucky Public Service Commission (“PSC”) as set out in 807 KAR 5:069, Section 3, notice is hereby given to the customers of the Western Pulaski County Water District (the “District”) of a change in water rates for users of the District's water system. The changes in water rates are required by the U.S. Department of Agriculture, acting through Rural Development (“RD”) in connection with a loan by RD to the District in the principal amount of \$1,400,000 to be evidenced by the issuance by the District of its waterworks revenue bonds in such amount, which RD has agreed to purchase provided the District meets certain conditions of RD, including revising the water rates as set forth below:

Current Monthly Rates

<u>5/8 x 3/4 inch Meters</u>	<u>Monthly Rate</u>
First 2,000 gallons	\$14.34 minimum bill
All over 2,000 gallons	5.82 per 1,000 gallons
 <u>1 inch Meters</u>	
First 10,000 gallons	\$60.90 minimum bill
All over 10,000 gallons	5.82 per 1,000 gallons
 <u>1-1/2 inch Meters</u>	
First 15,000 gallons	\$90.00 minimum bill
All over 15,000 gallons	5.82 per 1,000 gallons
 <u>2 inch Meters</u>	
First 20,000 gallons	\$119.10 minimum bill
All over 20,000 gallons	5.82 per 1,000 gallons
 <u>3 inch Meters</u>	
First 30,000 gallons	\$177.30 minimum bill
All over 30,000 gallons	5.82 per 1,000 gallons

Proposed Monthly Water Rates

<u>5/8 x 3/4 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	2,000 gallons	\$15.34 minimum bill	\$1.00	6.97%
All over	2,000 gallons	5.82 per 1,000 gallons	0.00	0.00

<u>1 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	10,000 gallons	\$61.90 minimum bill	\$1.00	1.64%
All over	10,000 gallons	5.82 per 1,000 gallons	0.00	0.00

<u>1-1/2 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	15,000 gallons	\$91.00 minimum bill	\$1.00	1.11%
All over	15,000 gallons	5.82 per 1,000 gallons	0.00	0.00

<u>2 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	20,000 gallons	\$120.10 minimum bill	\$1.00	0.84%
All over	20,000 gallons	5.82 per 1,000 gallons	0.00	0.00

<u>3 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	30,000 gallons	\$178.30 minimum bill	\$1.00	0.56%
All over	30,000 gallons	5.82 per 1,000 gallons	0.00	0.00

The proposed monthly water rates shall be effective for water sold after the date of the final approving Order of the PSC, which Order is expected to be issued with 30 days of the filing of the Application.

The amount of average usage and the effect upon the average bill for each customer classification to which the proposed rates will apply is as follows:

<u>Customer Classification</u>	<u>Average Usage</u>	<u>Average Bill based on Current Rates</u>	<u>Average Bill based on Proposed Rates</u>
5/8 x 3/4 meter	5,000 gallons	\$31.80	\$32.80
1 inch meter	19,500 gallons	\$116.19	\$117.19
1-1/2 inch meter	no users	\$0	\$0
2 inch meter	69,000 gallons	\$404.28	\$405.28
3 inch meter	no users	\$0	\$0

The Application for approval of the rate change has been filed with the PSC and may be examined during normal business hours at the following locations: (i) Western Pulaski County Water District office, 1059 West Highway 80, Somerset, Kentucky; (ii) PSC, 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., E.T.; and (iii) via the PSC website at <http://psc.ky.gov>. Comments regarding the Application may be submitted to the PSC via its website or by mail to PSC, P.O. Box 615, Frankfort, Kentucky 40602.

The proposed rates are required under the terms of an agreement between the District and RD and KRS 278.023 does not grant the PSC any discretionary authority to modify or reject any portion of the agreement between the District and RD, or to defer the issuance of all necessary orders to implement the terms of the agreement.

The RD loan proceeds will be used in conjunction with a \$522,000 RD grant to finance the cost of the construction and/or installation of (i) approximately 22,860 linear feet of 3 and 4 PVC waterline and appurtenances; and (ii) a new Supervisory Control and Data Control (“SCADA”) system which will oversee all activities at the SCADA remote sites (pump stations, tanks and master meters). Signed, Don Calder, Chairman, Western Pulaski County Water District.