

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 (“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 \$2,225,000 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 Water Rates

<u>5/8” x 3/4” Meters</u>	<u>Monthly Rate</u>
First 2,000 gallons	\$15.34 Minimum
All Over 2,000 gallons	\$5.82 Per 1,000 gallons
<u>1” Meters</u>	<u>Monthly Rate</u>
First 10,000 gallons	\$61.90 Minimum
All Over 10,000 gallons	\$5.82 Per 1,000 gallons
<u>1-1/2” Meters</u>	<u>Monthly Rate</u>
First 15,000 gallons	\$91.00 Minimum
All Over 15,000 gallons	\$5.82 Per 1,000 gallons
<u>2” Meters</u>	<u>Monthly Rate</u>
First 20,000 gallons	\$120.10 Minimum
All Over 20,000 gallons	\$5.82 Per 1,000 gallons
<u>3” Meters</u>	<u>Monthly Rate</u>
First 30,000 gallons	\$178.30 Minimum
All Over 30,000 gallons	\$5.82 Per 1,000 gallons

Proposed Monthly Water Rates

<u>5/8” x 3/4” Meters</u>	<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percent Change</u>
First 2,000 gallons	\$17.58	\$2.24	14.60%
All Over 2,000 gallons	\$6.31	\$0.49	8.42%
<u>1” Meters</u>	<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percent Change</u>
First 10,000 gallons	\$67.82	\$5.92	9.56%
All Over 10,000 gallons	\$6.31	\$0.49	8.42%
<u>1-1/2” Meters</u>	<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percent Change</u>
First 15,000 gallons	\$99.22	\$8.22	9.03%
All Over 15,000 gallons	\$6.31	\$0.49	8.42%

<u>2" Meters</u>	<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percent Change</u>
First 20,000 gallons	\$130.62	\$10.52	8.76%
All Over 20,000 gallons	\$6.31	\$0.49	8.42%

<u>3" Meters</u>	<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percent Change</u>
First 30,000 gallons	\$193.42	\$15.12	8.48%
All Over 30,000 gallons	\$6.31	\$0.49	8.42%

Customer Class	Average Monthly Usage Per Customer	Average Monthly Bill (Present Rates)	Average Monthly Bill (Proposed Rates)	Increase in Average Monthly Bill (\$)	Increase in Average Monthly Bill (%)
5/8" x 3/4"	3,621	\$26.41	\$29.58	\$3.17	12.00%
1" meter	25,000	\$149.18	\$162.44	\$13.26	8.88%
1-1/2" meter	0	\$0	\$0	\$0	0%
2" meter	99,000	\$579.88	\$629.11	\$49.23	8.49%
3" meter	0	\$0	\$0	\$0	0%

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 no later than 30 days of the filing of the Application. 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, 2128 West Highway 80, Somerset, KY 42503; (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 to finance the costs of the installation of (i) approximately 45,500 linear feet of 8 inch water transmission main plus all necessary appurtenances; (ii) two booster pump stations; and (iii) the renovation of the Denham Knob water storage tank. Signed: Don Calder, Chairman, Western Pulaski County Water District.