

**NORTHERN KENTUCKY WATER DISTRICT
NOTICE TO CUSTOMERS
WATER RATE ADJUSTMENT**

On or about September 28, 2018, Northern Kentucky Water District will file an application with the Kentucky Public Service Commission for authority to adjust its rates for water service in two phases. Northern Kentucky Water District proposes to place the Phase I rates into effect on but no sooner than October 28, 2018 or a date determined by the Public Service Commission, and the Phase II rates into effect on but no sooner than October 28, 2019 or a date determined by the Public Service Commission. The proposed rates will produce total additional annual revenues of \$6,217,178. The Phase I rates will produce additional annual revenues of \$3,118,991. The Phase II rates will produce additional annual revenues of \$3,098,187. The percentage of increase will be an overall increase of 11.6% to Northern Kentucky Water District. The percentage increase is 5.8% on current revenues upon the Phase I rates becoming effective, and an increase of 5.8% on current revenues upon the Phase II rates becoming effective. The average residential* customer bill will be adjusted approximately 6 cents per day, or \$1.92 per month from \$34.94 to \$36.86, or \$5.76 per quarter from \$104.82 per quarter to \$110.58 per quarter upon the Phase I rates becoming effective. The average residential customer bill will be adjusted approximately 6 cents per day, or \$1.92 per month from \$36.86 to \$38.78 or \$5.76 per quarter from \$110.58 to \$116.34 upon Phase II rates becoming effective. Also proposed is an increase in special charges for service connection fees, adding a fee for credit card payments based on the actual fee charged by the issuing bank and other tariff conditions of service.

The amount of increase per customer class for Northern Kentucky Water District is:

Class	Total Increase		Phase I Increase		Phase II Increase	
	\$	%	\$	%	\$	%
Residential	\$3,722,648	11.2%	\$1,863,208	5.6%	\$1,859,440	5.6%
Commercial	\$925,903	12.3%	\$464,028	6.2%	\$461,875	6.1%
Multi-Family	\$570,378	11.7%	\$285,208	5.9%	\$285,170	5.8%
Industrial	\$512,901	12.8%	\$259,784	6.5%	\$253,117	6.3%
Public Authority	\$301,362	12.8%	\$151,872	6.4%	\$149,490	6.4%
Wholesale	\$180,647	11.6%	\$93,222	6.0%	\$87,425	5.6%
Bulk Water Sales	\$3,339	5.3%	\$1,669	2.6%	\$1,670	2.7%

The effect upon the average monthly bill for each customer class on which the proposed rate adjustment will apply is an increase of:

Class	Average Monthly Usage (ccf)	Bill at Current Rates (\$)	Phase I Rates			Phase II Rates			Overall Change**	
			Bill (\$)	Change		Bill (\$)	Change		\$	%
				\$	%		\$	%		
Residential*	5.3 ccf	34.94	36.86	1.92	5.5%	38.78	1.92	5.2%	3.84	11.0%
Commercial	33.3 ccf	150.99	158.64	7.65	5.1%	166.30	7.66	4.8%	15.31	10.1%
Multi-Family	51 ccf	220.72	232.81	12.09	5.5%	244.89	12.08	5.2%	24.17	11.0%
Industrial	740.3 ccf	2,947.47	3,133.16	185.69	6.3%	3,318.85	185.69	5.9%	371.38	12.6%
Public Authority	73 ccf	307.40	324.99	17.59	5.7%	342.57	17.58	5.4%	35.17	11.4%
Wholesale	8,053 ccf	21,580.81	22,874.39	1,293.58	6.0%	24,087.44	1,213.05	5.3%	2,506.63	11.6%

*Average residential customer consuming 4,000 gallons per month (5.3 ccf) billed on a quarterly basis using the 5/8-inch Meter Size Quarterly Service Charge. Commercial average bill based on 5/8-inch Meter Size Quarterly Service Charge; Multi-Family based on 5/8-inch Meter Size Quarterly Service Charge; Industrial based on 2-inch Meter Size Quarterly Service Charge; Public Authority based on 5/8-inch Meter Size Quarterly Service Charge; Wholesale based on 4-inch Meter Size Monthly Service Charge.

**The Overall Change % column is calculated using Bill at Phase II Rates subtracting Bill at Current Rates, and then dividing by Bill at Current Rates.

Phase I Rates. Northern Kentucky Water District's proposed Phase I Rates are:

Service Charge (Monthly)

Meter Size	Current	Proposed	Increase (\$)	Increase (%)
5/8-inch	\$16.40	\$ 17.50	\$1.10	6.7%
3/4-inch	\$16.85	\$17.90	\$1.05	6.2%
1-inch	\$18.45	\$19.60	\$1.15	6.2%
1 1/2-inch	\$20.75	\$22.10	\$1.35	6.5%
2-inch	\$26.20	\$27.90	\$1.70	6.5%
3-inch	\$63.20	\$67.30	\$4.10	6.5%
4-inch	\$79.30	\$84.40	\$5.10	6.4%
6-inch	\$117.40	\$124.90	\$7.50	6.4%
8-inch	\$158.50	\$168.70	\$10.20	6.4%
10-inch and larger	\$210.80	\$224.30	\$13.50	6.4%

Commodity Charge (Monthly Billings)

	Current	Proposed	Increase (\$)	Increase (%)
First 1,500 cubic ft*	\$4.53 per 100 cubic ft	\$4.65 per 100 cubic ft	\$0.12 per 100 cubic ft	2.7%
Next 163,500 cubic ft	\$3.94 per 100 cubic ft	\$4.19 per 100 cubic ft	\$0.25 per 100 cubic ft	6.4%
Over 165,000 cubic ft	\$2.88 per 100 cubic ft	\$3.07 per 100 cubic ft	\$0.19 per 100 cubic ft	6.6%

Service Charge (Quarterly Billings)

Meter Size	Current	Proposed	Increase (\$)	Increase (%)
5/8-inch	\$ 32.80	\$36.65	\$3.85	11.7%
3/4-inch	\$ 34.40	\$38.45	\$4.05	11.8%
1-inch	\$ 39.50	\$44.15	\$4.65	11.8%
1 1/2-inch	\$ 46.70	\$52.20	\$5.50	11.8%
2-inch	\$ 65.50	\$73.20	\$7.70	11.8%
3-inch	\$ 203.90	\$227.85	\$23.95	11.8%
4-inch	\$ 255.50	\$285.50	\$30.00	11.7%
6-inch	\$ 377.60	\$421.90	\$44.30	11.7%
8-inch	\$ 516.00	\$576.55	\$60.55	11.7%
10-inch and larger	\$ 673.70	\$752.80	\$79.10	11.7%

Commodity Charge (Quarterly Billings)

	Current	Proposed	Increase (\$)	Increase (%)
First 4,500 cubic ft	\$4.53 per 100 cubic ft	\$4.65 per 100 cubic ft	\$0.12 per 100 cubic ft	2.7%
Next 490,500 cubic ft	\$3.94 per 100 cubic ft	\$4.19 per 100 cubic ft	\$0.25 per 100 cubic ft	6.4%
Over 495,000 cubic ft	\$2.88 per 100 cubic ft	\$3.07 per 100 cubic ft	\$0.19 per 100 cubic ft	6.6%

Wholesale and Bulk Rates

	Current	Proposed	Increase (\$)	Increase (%)
Wholesale Rate	\$2.67 per 100 cubic ft	\$2.83 per 100 cubic ft	\$0.16 per 100 cubic ft	6.0%
Bulk Rate	\$6.06 per 1,000 gals	\$6.22 per 1,000 gals	\$0.16 per 1,000 gals	2.6%

Phase II Rates. Northern Kentucky Water District's proposed Phase II Rates are:

Service Charge (Monthly)

Meter Size	Phase I	Phase II	Increase (\$)	Increase (%)
5/8-inch	\$ 17.50	\$18.50	\$1.00	5.7%
3/4-inch	\$17.90	\$19.00	\$1.10	6.1%
1-inch	\$19.60	\$20.80	\$1.20	6.1%
1 ½-inch	\$22.10	\$23.40	\$1.30	5.9%
2-inch	\$27.90	\$29.60	\$1.70	6.1%
3-inch	\$67.30	\$71.30	\$4.00	5.9%
4-inch	\$84.40	\$89.50	\$5.10	6.0%
6-inch	\$124.90	\$132.40	\$7.50	6.0%
8-inch	\$168.70	\$178.80	\$10.10	6.0%
10-inch and larger	\$224.30	\$237.80	\$13.50	6.0%

Commodity Charge (Monthly Billings)

	Phase I	Phase II	Increase (\$)	Increase (%)
First 1,500 cubic ft	\$4.65 per 100 cubic ft	\$4.77 per 100 cubic ft	\$0.12 per 100 cubic ft	2.6%
Next 163,500 cubic ft	\$4.19 per 100 cubic ft	\$4.44 per 100 cubic ft	\$0.25 per 100 cubic ft	6.0%
Over 165,000 cubic ft	\$3.07 per 100 cubic ft	\$3.25 per 100 cubic ft	\$0.18 per 100 cubic ft	5.9%

Service Charge (Quarterly Billings)

Meter Size	Phase I	Phase II	Increase (\$)	Increase (%)
5/8-inch	\$36.65	\$40.50	\$3.85	10.5%
3/4-inch	\$38.45	\$42.50	\$4.05	10.5%
1-inch	\$44.15	\$48.80	\$4.65	10.5%
1 ½-inch	\$52.20	\$57.70	\$5.50	10.5%
2-inch	\$73.20	\$80.90	\$7.70	10.5%
3-inch	\$227.85	\$251.80	\$23.95	10.5%
4-inch	\$285.50	\$315.50	\$30.00	10.5%
6-inch	\$421.90	\$466.20	\$44.30	10.5%
8-inch	\$576.55	\$637.10	\$60.55	10.5%
10-inch and larger	\$752.80	\$831.90	\$79.10	10.5%

Commodity Charge (Quarterly Billings)

	Phase I	Phase II	Increase (\$)	Increase (%)
First 4,500 cubic ft	\$4.65 per 100 cubic ft	\$4.77 per 100 cubic ft	\$0.12 per 100 cubic ft	2.6%
Next 490,500 cubic ft	\$4.19 per 100 cubic ft	\$4.44 per 100 cubic ft	\$0.25 per 100 cubic ft	6.0%
Over 495,000 cubic ft	\$3.07 per 100 cubic ft	\$3.25 per 100 cubic ft	\$0.18 per 100 cubic ft	5.9%

Wholesale and Bulk Rates

	Phase I	Phase II	Increase (\$)	Increase (%)
Wholesale Rate	\$2.83 per 100 cubic ft	\$2.98 per 100 cubic ft	\$0.15 per 100 cubic ft	5.3%
Bulk Rate	\$6.22 per 1,000 gals	\$6.38 per 1,000 gals	\$0.16 per 1,000 gals	2.6%

Overall Rate Adjustment. A comparison of the current rates and the proposed rates upon the Phase II rates becoming effective appears below:

Service Charge (Monthly)

Meter Size	Current	Phase II	Increase (\$)	Increase (%)
5/8-inch	\$ 16.40	\$18.50	\$2.10	12.8%
3/4-inch	\$ 16.85	\$19.00	\$2.15	12.8%
1-inch	\$ 18.45	\$20.80	\$2.35	12.7%
1 ½-inch	\$ 20.75	\$23.40	\$2.65	12.8%
2-inch	\$ 26.20	\$29.60	\$3.40	13.0%
3-inch	\$ 63.20	\$71.30	\$8.10	12.8%
4-inch	\$ 79.30	\$89.50	\$10.20	12.9%
6-inch	\$ 117.40	\$132.40	\$15.00	12.8%
8-inch	\$ 158.50	\$178.80	\$20.30	12.8%
10-inch and larger	\$ 210.80	\$237.80	\$27.00	12.8%

Commodity Charge (Monthly Billings)

	Current	Phase II	Increase (\$)	Increase (%)
First 1,500 cubic ft	\$4.53 per 100 cubic ft	\$4.77 per 100 cubic ft	\$0.24 per 100 cubic ft	5.3%
Next 163,500 cubic ft	\$3.94 per 100 cubic ft	\$4.44 per 100 cubic ft	\$0.50 per 100 cubic ft	12.7%
Over 165,000 cubic ft	\$2.88 per 100 cubic ft	\$3.25 per 100 cubic ft	\$0.37 per 100 cubic ft	12.9%

Service Charge (Quarterly Billings)

Meter Size	Current	Phase II	Increase (\$)	Increase (%)
5/8-inch	\$ 32.80	\$40.50	\$7.70	23.5%
3/4-inch	\$ 34.40	\$42.50	\$8.10	23.6%
1-inch	\$ 39.50	\$48.80	\$9.30	23.5%
1 ½-inch	\$ 46.70	\$57.70	\$11.00	23.6%
2-inch	\$ 65.50	\$80.90	\$15.40	23.5%
3-inch	\$ 203.90	\$251.80	\$47.90	23.5%
4-inch	\$ 255.50	\$315.50	\$60.00	23.5%
6-inch	\$ 377.60	\$466.20	\$88.60	23.5%
8-inch	\$ 516.00	\$637.10	\$121.10	23.5%
10-inch and larger	\$ 673.70	\$831.90	\$158.20	23.5%

Commodity Charge (Quarterly Billings)

	Current	Phase II	Increase (\$)	Increase (%)
First 4,500 cubic ft	\$4.53 per 100 cubic ft	\$4.77 per 100 cubic ft	\$0.24 per 100 cubic ft	5.3%
Next 490,500 cubic ft	\$3.94 per 100 cubic ft	\$4.44 per 100 cubic ft	\$0.50 per 100 cubic ft	12.7%
Over 495,000 cubic ft	\$2.88 per 100 cubic ft	\$3.25 per 100 cubic ft	\$0.37 per 100 cubic ft	12.9%

Wholesale and Bulk Rates

	Current	Phase II	Increase (\$)	Increase (%)
Wholesale Rate	\$2.67 per 100 cubic ft	\$2.98 per 100 cubic ft	\$0.31 per 100 cubic ft	11.6%
Bulk Rate	\$6.06 per 1,000 gals	\$6.38 per 1,000 gals	\$0.32 per 1,000 gals	5.3%

Special Charges:

<u>Service connection fee</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Increase</u>	<u>% Increase</u>
5/8" connection	\$ 750.00	\$1,000.00	\$250.00	33.3%
1" connection	\$ 1,100.00	\$1,500.00	\$400.00	36.4%
Credit card fee	\$ 0	Actual Bank charged fee		

Northern Kentucky Water District's application for rate adjustment is available for examination at Northern Kentucky Water District's offices at 2835 Crescent Springs Road, Erlanger, Kentucky, Monday through Friday, 8:00 a.m. to 5:00 p.m., or through the District's website at <http://www.nkywater.org>. A person may also examine Northern Kentucky Water District's application at the Public Service Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's website at <http://psc.ky.gov>. Comments regarding the application may be submitted to the Public Service Commission through its website or by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602.

The rates contained in this notice are Northern Kentucky Water District's proposed rates. The Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such action may result in rates that are higher or lower than those proposed by Northern Kentucky Water District.

A person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing 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 initial publication of this Notice, it may take final action on Northern Kentucky Water District's application.

***Conversion Factor:** 1 cubic foot (cf) = 7.48 gallons
100 cubic foot (ccf) = 748 gallons

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