

## 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 Laurel County Water District No. 2 ("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 loans by RD to the District in the principals amount of \$1,850,000 and \$350,000 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>	
First 1,000 gallons	\$11.10 Minimum Bill
Next 99,000 gallons	\$4.66 Per 1,000 gallons
All Over 100,000 gallons	\$4.03 Per 1,000 gallons
<u>1" Meters</u>	
First 5,000 gallons	\$29.72 Minimum Bill
Next 95,000 gallons	\$4.66 Per 1,000 gallons
All Over 100,000 gallons	\$4.03 Per 1,000 gallons
<u>1-1/2" Meters</u>	
First 10,000 gallons	\$53.02 Minimum Bill
Next 90,000 gallons	\$4.66 Per 1,000 gallons
All Over 100,000 gallons	\$4.03 Per 1,000 gallons
<u>2" Meters</u>	
First 20,000 gallons	\$99.60 Minimum Bill
Next 80,000 gallons	\$4.66 Per 1,000 gallons
All Over 100,000 gallons	\$4.03 Per 1,000 gallons
<u>3" Meter</u>	
First 30,000 gallons	\$146.19 Minimum Bill
Next 70,000 gallons	\$4.66 Per 1,000 gallons
All Over 100,000 gallons	\$4.03 Per 1,000 gallons
<u>4" Meter</u>	
First 50,000 gallons	\$239.36 Minimum Bill
Next 50,000 gallons	\$4.66 Per 1,000 gallons
All Over 100,000 gallons	\$4.03 Per 1,000 gallons

## Proposed Monthly Water Rates

<u>5/8" x 3/4" Meters</u>		<u>Monthly Rate</u>
First 1,000 gallons		\$15.00 Minimum Bill
Next 99,000 gallons		\$5.86 Per 1,000 gallons
All Over 100,000 gallons		\$5.23 Per 1,000 gallons

<u>1" Meters</u>		<u>Monthly Rate</u>
First 5,000 gallons		\$38.44 Minimum Bill
Next 95,000 gallons		\$5.86 Per 1,000 gallons
All Over 100,000 gallons		\$5.23 Per 1,000 gallons

<u>1-1/2" Meters</u>		<u>Monthly Rate</u>
First 10,000 gallons		\$67.74 Minimum Bill
Next 90,000 gallons		\$5.86 Per 1,000 gallons
All Over 100,000 gallons		\$5.23 Per 1,000 gallons

<u>2" Meters</u>		<u>Monthly Rate</u>
First 20,000 gallons		\$126.34 Minimum Bill
Next 80,000 gallons		\$5.86 Per 1,000 gallons
All Over 100,000 gallons		\$5.23 Per 1,000 gallons

<u>3" Meter</u>		<u>Monthly Rate</u>
First 30,000 gallons		\$184.94 Minimum Bill
Next 70,000 gallons		\$5.86 Per 1,000 gallons
All Over 100,000 gallons		\$5.23 Per 1,000 gallons

<u>4" Meter</u>		<u>Monthly Rate</u>
First 50,000 gallons		\$302.14 Minimum Bill
Next 50,000 gallons		\$5.86 Per 1,000 gallons
All Over 100,000 gallons		\$5.23 Per 1,000 gallons

Customer Class	Average Monthly Usage Per Customer (Gallons)	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" Meter	4,084	\$25.47	\$33.07	\$7.60	29.84%
1" Meter	23,243	\$114.73	\$145.34	\$30.61	26.68%
1-1/2" Meter	22,786	\$112.60	\$142.67	\$30.07	26.71%
2" Meter	84,295	\$399.22	\$503.11	\$103.89	26.02%
3" Meter	92,500	\$437.44	\$551.19	\$113.75	26.00%
4" Meter	1,728,333	\$8,060.39	\$10,137.17	\$2,076.78	25.77%

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) Laurel County Water District No. 2 Office, 3910 Laurel Rd, London, KY 40744; (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 infrastructure improvements including: (i) the construction of 13,600 L.F. of 3-inch to 12-inch water lines and associated appurtenances to interconnect existing system mains in the Dorthae, Hopewell, & North Corbin areas of Laurel County; (ii) the construction of a new 500,000-gallon elevated water storage tank in Hopewell community of Laurel County.

Signed: Roy Wayne Jenkins, Chairman, Laurel County Water District No. 2.