

## 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 Powells Valley Water District (“District”) of a change in water and sewer rates for users of the District's system. The changes in 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 \$520,000 to be evidenced by the issuance by the District of its revenue bonds in such amount, which RD has agreed to purchase provided the District meets certain conditions of RD, including revising the water and sewer rates as set forth below:

### Current Monthly Water Rates

First 2,000 gallons	\$21.08	Minimum
Next 2,000 gallons	\$9.13	Per 1,000 gallons
Next 2,000 gallons	\$8.23	Per 1,000 gallons
All Over 6,000 gallons	\$7.70	Per 1,000 gallons

### Current Monthly Sewer Rates

First 2,000 gallons	\$25.12	Minimum
All Over 6,000 gallons	\$12.56	Per 1,000 gallons

### Proposed Monthly Water Rates

	<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percent Change</u>
First 2,000 gallons	\$23.22	\$2.14	10%
Next 2,000 gallons	\$10.06	\$0.93	10%
Next 2,000 gallons	\$9.07	\$0.84	10%
All Over 6,000 gallons	\$8.48	\$0.78	10%

### Proposed Monthly Sewer Rates

	<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percent Change</u>
First 2,000 gallons	\$27.57	\$2.45	10%
All Over 6,000 gallons	\$13.78	\$1.22	10%

The proposed monthly water and sewer rates shall be effective 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 amount of average usage for all water customers in the calendar year 2015 was 5227 gallons per month thus generating an average monthly billing based on current rates of \$48.79. The proposed monthly rates will increase the average monthly billing to \$53.74 for an impact of \$4.95 or 10%. The amount of average usage for all sewer customers in the calendar year 2015 was 4,134 gallons per month thus generating an average monthly billing

based on current rates of \$51.92. The proposed monthly rates will increase the average monthly billing to \$56.98 for an impact of \$5.06 or 10%.

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) Powells Valley Water District Office, 31 Adams Ridge Road, Clay City, Kentucky 40312; (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 (i) installation of approximately 2000 linear feet of 3 inch water main extensions and associated appurtenances; (ii) upgrades and replacements of 3 pump stations; (iii) repainting of an existing water storage tank; and (iv) installation of tank circulation facilities for 3 tanks. Signed: Steve Everman, Chairman, Powells Valley Water District.