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NEWS RELEASE

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PSC Grants Northern Kentucky Water District Rate Increase *Higher rates will be come in two phases over next 12 months*

FRANKFORT, Ky. (Jan. 15, 2016) – The Kentucky Public Service Commission (PSC) has granted a request by Northern Kentucky Water District (NKWD) to increase rates in order to generate an additional \$4.8 million in annual revenue.

In an order issued today, the PSC granted NKWD's request to implement the increase in two equal phases. The first phase takes effect immediately, with the second increment coming a year from today.

A residential customer using 700 cubic feet (about 5,200 gallons) of water per month will see the monthly bill rise by \$2.08 this year and by the same amount next year. The \$4.16 total increase would bring that customer's monthly bill to \$48.11, a 9.5 percent increase over the current \$43.95.

Other customer classes will see increases of the same magnitude. NKWD last increased rates in December 2012.

NKWD serves more than 81,000 retail customers in Boone, Campbell and Kenton counties and is the wholesale water provider for three other systems. It is the largest water district in Kentucky.

NKWD's application for a rate increase was accepted for filing in July 2015. The PSC conducted a public evidentiary hearing on the application on Dec. 3, 2015.

In its application, NKWD stated that the additional revenue is needed to meet rising expenses, including debt payments, increased costs of complying with stricter federal drinking water safety regulations, higher electric rates and a variety of other factors.

NKWD presented financial information showing that it could justify increasing revenue by about \$7 million. The district arrived at the lower amount by deferring recovery of certain costs.

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NKWD explained that it chose to limit the increase because of current economic conditions in its service territory, the impact of higher rates on its customers and local resistance to utility rate increases.

In today's order, the PSC said that it chose to accept the lower rate proposal because there was no evidence that doing so would impair NKWD's credit or result in degradation of service quality.

The rates approved today, when fully implemented, will boost NKWD's total annual revenue by about 9 percent, to about \$55.5 million

Today's order, related documents in the case and a video of the hearing are available on the PSC website, psc.ky.gov. The case number is 2015-00143.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 85 employees.

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