

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 Cannonsburg Water District (the “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 \$1,668,000 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 Rates

<u>5/8 x 3/4 inch Meters</u>		<u>Monthly Rate</u>
First	2,000 gallons	\$20.58 minimum bill
Next	3,000 gallons	8.00 per 1,000 gallons
Next	15,000 gallons	7.59 per 1,000 gallons
Next	30,000 gallons	7.17 per 1,000 gallons
Next	50,000 gallons	6.77 per 1,000 gallons
Over	100,000 gallons	6.33 per 1,000 gallons
 <u>1 inch Meters</u>		 <u>Monthly Rate</u>
First	5,000 gallons	\$44.58 minimum bill
Next	15,000 gallons	7.59 per 1,000 gallons
Next	30,000 gallons	7.17 per 1,000 gallons
Next	50,000 gallons	6.77 per 1,000 gallons
Over	100,000 gallons	6.33 per 1,000 gallons
 <u>2 and 3 inch Meters</u>		 <u>Monthly Rate</u>
First	20,000 gallons	\$158.43 minimum bill
Next	30,000 gallons	7.17 per 1,000 gallons
Next	50,000 gallons	6.77 per 1,000 gallons
Over	100,000 gallons	6.33 per 1,000 gallons
 <u>6 inch Meters</u>		 <u>Monthly Rate</u>
First	50,000 gallons	\$373.53 minimum bill
Next	50,000 gallons	6.77 per 1,000 gallons
Over	100,000 gallons	6.33 per 1,000 gallons

<u>12 inch Meters</u>		<u>Monthly Rate</u>
First	100,000 gallons	\$712.03 minimum bill
Over	100,000 gallons	6.33 per 1,000 gallons

Wholesale Rate:

Big Sandy Water District and City of Greenup - \$4.21 per 1,000 gallons

Proposed Monthly Water Rates

<u>5/8 x 3/4 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	2,000 gallons	\$24.00 minimum bill	\$3.42	16.62%
Next	3,000 gallons	9.00 per 1,000 gallons	1.00	12.50
Next	15,000 gallons	8.25 per 1,000 gallons	0.66	8.70
Next	30,000 gallons	7.60 per 1,000 gallons	0.43	6.00
Next	50,000 gallons	7.25 per 1,000 gallons	0.48	7.09
Over	100,000 gallons	6.33 per 1,000 gallons	0.00	0.00

<u>1 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	5,000 gallons	\$51.00 minimum bill	\$6.42	14.40%
Next	15,000 gallons	8.25 per 1,000 gallons	0.66	8.70
Next	30,000 gallons	7.60 per 1,000 gallons	0.43	6.00
Next	50,000 gallons	7.25 per 1,000 gallons	0.48	7.09
Over	100,000 gallons	6.33 per 1,000 gallons	0.00	0.00

<u>2 and 3 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	20,000 gallons	\$174.75 minimum bill	\$16.32	9.99%
Next	30,000 gallons	7.60 per 1,000 gallons	0.43	6.00
Next	50,000 gallons	7.25 per 1,000 gallons	0.48	7.09
Over	100,000 gallons	6.33 per 1,000 gallons	0.00	0.00

<u>6 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	50,000 gallons	\$402.75 minimum bill	\$29.22	7.82%
Next	50,000 gallons	7.25 per 1,000 gallons	0.48	7.09
Over	100,000 gallons	6.33 per 1,000 gallons	0.00	0.00

<u>12 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	100,000 gallons	\$765.25 minimum bill	\$50.22	7.47%
Over	100,000 gallons	6.33 per 1,000 gallons	\$0.00	0.00%

Proposed Wholesale Rate:

Big Sandy Water District and City of Greenup - \$4.25 per 1,000 gallons

Dollar Change: \$0.04

Percentage Change: 0.95%

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 amount of average usage for all customers in the calendar year 2014 was 4,500 gallons per month thus generating an average monthly billing based on current rates of \$40.58. The proposed monthly rates will increase the average monthly billing to \$46.50 for an impact of \$5.92 or 14.59%.

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) Cannonsburg Water District office, 1606 Cannonsburg Road, Ashland, Kentucky 41102; (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 in conjunction with a \$418,000 RD grant to finance the cost of improvements to the existing system. The proposed improvements include (i) replacement of 2,200 linear feet of existing 6 inch waterline; (ii) replacing two existing major stream crossings (225 linear feet of existing 8 inch waterline and 200 linear feet of 3 inch waterline); (iii) improvements to two existing pump stations; installation of two new booster pump stations; (iv) cleaning and repainting two existing water storage tanks; and (v) replacement of 2,800 linear feet of existing 5/8 inch x 3/4 inch and 1 inch water meters with new meters and an associated tower meter read system. Signed, Robert McGuire, Chairman, Cannonsburg Water District.