

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 Meade County Water District ("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 \$2,506,170 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:

<u>Retail Rates</u>	<u>Current Monthly</u>	<u>PROPOSED MONTHLY WATER RATES</u>		
<u>All Meters</u>	<u>Water Rates</u>	<u>Charge per 1,000 Gals.</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
First 2,000 Gallons	\$18.60 minimum bill	\$20.74 minimum bill	\$2.14	11.5%
Next 5,000 Gallons	9.01	10.05	1.04	11.5%
Next 10,000 Gallons	8.68	9.68	1.00	11.5%
Next 20,000 Gallons	7.91	8.82	0.91	11.5%
Over 37,000 Gallons	6.83	7.62	0.79	11.5%
 Bulk Sales	 6.33	 7.06	 0.73	 11.5%

Wholesale Rates

Doe Valley Water	4.22	4.70	0.48	11.4%
Otter Creek Water	4.34	4.84	0.50	11.5%

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	3870	\$35.45	\$39.53	\$4.08	11.5%
Bulk Rate	1000	\$6.33	\$7.06	\$0.73	11.5%
Doe Valley	6,759,000	\$28,523.00	\$31,766.00	\$3,243.00	11.4%
Otter Creek Park	391,500	\$1,699.00	\$1,895.00	\$196.00	11.5%

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) Meade County Water District Office, 1003 Armory Place, Brandenburg, KY 40108; (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 installation of approximately 84,000 linear feet (LF) of new 4, 6, and 8-inch SDR 17 water mains to eliminate dead end lines and to extend water service to unserved areas of southern and eastern Meade County. The new lines and extensions will improve water flow within the distribution network from the system's new primary connection with HCWD#1, creating 12 loops and eliminating dead-end lines. The extensions to unserved areas will make water available for up to 200 unserved households.

Signed: Douglas Cornett, Chairman, Meade County Water District