



CITY OF MIDWAY

P.O. Box 4275
Midway, Kentucky 40347-4275

Grayson Vandegrift, Mayor

May 13, 2019

To the members of the Public Service Commission,

My name is Grayson Vandegrift and I am the mayor of Midway, Kentucky. We are a wholesale customer of Kentucky American Water, and while I appreciate the quality and dedication of KAW, I must firmly protest the most recent rate hike request from this public utility company.

For years, we have watched as KAW has requested one rate hike after another - if this request is granted it will be their 6th in just 12 years. We were so unsettled by the last hike that we budgeted appropriately and did the necessary things to absorb that increase so it wasn't passed on to our consumers, many of whom struggle as it is to pay for the planet's most abundant resource. We as a city have worked tirelessly to raise revenue and bring expenses down while still investing in our infrastructure. Through this hard work and due diligence we were able to lower our sewer rates by 25% last December. This is a considerable achievement, and one that is coupled with our investment in our aging infrastructure.

Oddly enough, infrastructure repair is one of the reasons given for this year's increase request by KAW. We in Midway know all about that - we are likely looking at 10-20 million dollars in water and sewer infrastructure upgrades over the next two decades. This is what is most puzzling to me, because KAW has made it no secret that they wish to purchase our aging system. On multiple occasions they have signified this, the most recent being in a meeting with KAW executives within the last 2 years who plainly reminded me of their desire to buy our lines in their entirety. I feel that this is a perfectly fair question to ask: why would a company that needs more money to fix infrastructure also want to purchase some that they know to be ready for investment? Why would a company want to take on more debt if it can't meet its current obligations?

The job you have as members of this commission is no easy one, and I have no doubt that KAW will present compelling math that will indicate their need for another rate increase. What I ask you to consider is the toll these continual rate increases take on the people who are footing the bill. I watch as people come in to Midway City Hall and literally pay their water and sewer bill with pennies.

We will not be able to absorb another rate increase. Additionally, the hard work and planning that went into lowering our rates by 25% - all while improving our ability to invest - will effectively be offset by another rate hike.

As someone who comes from the business arena, I understand the constraints of profit and loss. I also understand the importance of clean potable water. But I believe it's time KAW be told in no uncertain terms that they can no longer run a business model predicated upon the concept that they can ask - and be given - a rate increase every two years.

I urge you to protect the public from unnecessary tax increases, to help Kentucky American Water take a longer look at their operations and to adjust accordingly, as we all do, whether we're an individual, a business owner, or a city. If we, a city of 1800 people with limited resources can make it happen, so can a publicly traded company like Kentucky American Water.

Respectfully,



Grayson Vandegrift, Mayor
City of Midway