

# KENTUCKY MUNICIPAL UTILITIES

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## KENTUCKY RIVER AUTHORITY WITHDRAWAL FEES

### What is the Kentucky River Authority?

Established by the Kentucky General Assembly, the Kentucky River Authority (KRA) is responsible for maintaining the lock and dam structures on the Kentucky River and for protecting and improving the waters of the Kentucky River through environmental management of the entire watershed.

The KRA is funded by two different fees assessed on facilities that withdraw water from the Kentucky River Basin. Tier I water fees are based on water withdrawn from any source within the boundaries of the Kentucky River Drainage Basin. Tier II water fees are an additional charge on water withdrawn from the main stem of the Kentucky River.

### How does the KRA affect a municipal water utility's relationship with the PSC?

It only affects the relationship with the PSC if the municipal water utility wants to recoup the KRA user fees from its wholesale customers that are regulated by the PSC (i.e. water districts, water associations, or investor-owned water utilities).

### How does a municipal utility recoup the amount it is assessed for the KRA water user fees?

With the exception of its wholesale customers that are regulated by the PSC, a municipal utility can recoup these user fees in any manner it chooses. In order to recoup the KRA user fees from water sold for resale to water districts, water associations, and investor-owned water utilities, the municipal utility needs to include these fees on its wholesale service tariff on file with the PSC. For an example, please click [here](#).

### What are the current KRA water user fees being assessed for water withdrawals?

Tier I	\$0.0220 per 1,000 gallons	\$0.01645600 per 100 cubic feet
Tier II	\$0.1300 per 1,000 gallons	\$0.09724000 per 100 cubic feet

*The information contained herein represents Commission Staff's interpretation of the law, is advisory in nature, and is not binding on the Commission should the issues herein be formally presented for Commission resolution.*

**How many municipal water utilities assessed water usage fees from the KRA have contractual relationships with water districts, water associations, or investor owned water utilities?**

There are nine municipal water utilities that are assessed both Tier I and Tier II water usage fees by the KRA that have such wholesale customers:

- Frankfort Plant Board
- City of Harrodsburg
- Irvine Municipal Utilities
- City of Lancaster
- City of Lawrenceburg
- City of Nicholasville
- Richmond Utilities
- City of Versailles
- Winchester Municipal Utilities

One municipal utility, the City of Danville, is only assessed the Tier I water usage fee.

**What actions must a municipal utility take if the KRA changes its water usage fees?**

The municipal utility would need to provide a 30-day notice to its wholesale customer(s) and file a copy of the notice along with a new tariff sheet with the PSC no later than 30-days prior to the effective date. Because the KRA user fees are a pass-through adjustment, the notice will differ slightly from the standard wholesale customer notice. For an example, please click [here](#).

**Who should the municipal utility contact if there are additional questions?**

Any questions and/or requests for assistance should be directed to the PSC Tariff Branch via email at [psc.tariffs@ky.gov](mailto:psc.tariffs@ky.gov) or by telephone at 502-564-3940.

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