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NEWS RELEASE

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PSC Accepts Settlement in Radcliff Sewer Case *Hardin County Water District No. 1 sewer customers will see increase*

FRANKFORT, Ky. (April 28, 2014) – The Kentucky Public Service Commission (PSC) has accepted a settlement that will increase sewer rates in Radcliff by about 16 percent for a typical residential customer.

In an order issued today, the PSC granted Hardin County Water District No. 1 (HCWD1) an additional \$571,464 (17 percent) in revenue from its sewer operations in the city of Radcliff.

The increase is a product of a settlement reached between HCWD1 and the Kentucky Office of Attorney General. HCWD1 had sought an increase of \$622,004 (18.45 percent).

In addition to approving the settlement, the PSC order directed HCWD1 to review the management of the Radcliff sewer system to determine whether the system should continue to be operated by an outside contractor. A report is to be submitted to the PSC early next year.

The new rates take effect May 1. A residential customer using 5,000 gallons of water per month would see the monthly bill rise from \$33.85 to \$39.32, or by \$5.47.

HCWD1 acquired the Radcliff sewer system in 2008. The system has about 8,880 customers. HCWD1 also provides water service to more than 10,000 customers and operates the water and sewer systems at Fort Knox.

When it acquired the Radcliff sewer system, HCWD1 contracted with Veolia Water North America to operate the system, saying it did not have the personnel or resources to do so itself. That contract cannot be terminated before June 15, 2015.

The PSC directed HCWD1 to issue a proposal for competitive bids to operate the Radcliff sewer system. It also directed the district to evaluate the cost of assuming management of the system. A report that includes the request for proposal, the bids received and the management cost evaluation are to be submitted to the PSC by Jan. 15, 2015.

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HCWD1 filed its application for a rate increase on June 24, 2013. An evidentiary hearing in the case was held at the PSC on March 18, 2014.

Today's order and related documents in the case, as well a video recording of the hearing, are available on the PSC website, psc.ky.gov. The case number is 2013-00050.

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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