

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REQUEST OF HENRY COUNTY WATER	)	
DISTRICT NO. 2 FOR AN EXTENSION OF TIME	)	CASE NO. 2009-00211
IN WHICH TO ASSESS ITS OFFSETTING	)	
IMPROVEMENT CHARGE	)	

ORDER

In Case No. 2006-00191,<sup>1</sup> the Commission reviewed the operation of Henry County Water District No. 2's ("Henry District") Offsetting Improvement Charge. After a lengthy proceeding, the Commission, on December 8, 2008, found that Henry District had failed to demonstrate the need for and the reasonableness of this charge and that assessment of the charge should cease.

To prevent any disparate treatment of customers that might result from the sudden termination of this charge, we permitted Henry District to continue assessment of the charge for 180 days. We noted that this grace period would "permit Henry District sufficient time to develop and to file with the Commission an alternative mechanism that comprehensively addresses the allocation of costs associated with customer growth."

On May 18, 2009, Henry District requested that the grace period be extended through December 31, 2009 to allow additional time for the development of a substitute charge. Granting this request in part, the Commission authorized an extension through September 4, 2009 and directed Henry District to report in writing no later than

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<sup>1</sup> Case No. 2006-00191, Examination of the Operation and Reasonableness of the Offsetting Improvement Charge of Henry County Water District No. 2 (Ky. PSC Dec. 8, 2008).

August 4, 2009 on its efforts to develop an alternative to its Offsetting Improvement Charge and its plan for implementing such alternative. Henry District has submitted that report.

In its report, Henry District has renewed its request for authority to continue the assessment of its Offsetting Improvement Charge until December 31, 2009. It states that the additional time is required to complete a general rate study and an application for general rate adjustment and approval of a system development charge. It expects to file its application with the Commission no later than November 15, 2009.

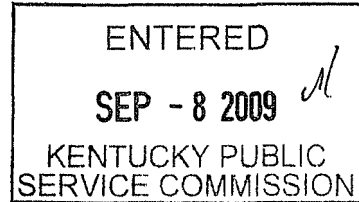
Having reviewed the request, the Commission finds that the request should be granted and that Henry District be permitted to continue assessment of the Offsetting Improvement Charge until December 31, 2009. We note that, based upon Henry District's proposed schedule and given the nature of Henry District's application, it appears unlikely that the Commission would be able to make a final determination on the merits of that application by January 1, 2010. Having provided Henry District a year to develop and implement an alternative to the Offsetting Improvement Charge, we will not favorably consider any further requests for extension of time in which to assess that charge and will expect Henry District to cease assessment of the charge. The lack of a replacement for this charge will not serve as a basis for further extensions of time.

IT IS THEREFORE ORDERED that:

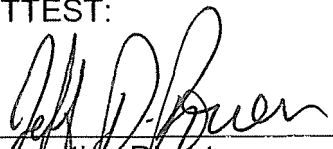
1. Henry District's request for an extension of time is granted.
2. Henry District may continue to assess its existing Offsetting Improvement Charge until December 31, 2009.

3. All provisions of the Commission's Order of December 8, 2008 in Case No. 2006-00191 that do not conflict with the provisions of this Order remain in full force and effect.

By the Commission



ATTEST:

  
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Executive Director

Case No. 2009-00211

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