

Hardin County Water District No. 1

Serving Radcliff and Hardin County for Over 50 Years

1400 Rogersville Road
Radcliff, KY 40160

January 3, 2011

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

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PUBLIC SERVICE
COMMISSION

SUBJECT: Request for Deviation Extension - PSC Case No. 2005-00225

Dear Mr. Derouen;

We respectfully request an extension for case 2005-00225 for an additional three (3) years, a deviation from PSC regulation 807 KAR 5:041, Section 15, Periodic Test Schedule. As approved by the PSC, we are implementing an Automated Meter Reading System (AMR). There have been issues with the performance of the AMR system that we are still working to correct and rectify with our vendors. This has caused the meter change out program to be delayed until a solution is in place.

The AMR read collection rate was around 80%-85%. This was unacceptable to the District. The read rate issue has been addressed and the read rate has now increased to an acceptable level. Moreover, we do not have current reserves available to finish the program in one year. We have recently purchased and received 1,200 meters to be installed in Mobile Home Communities (MHC) in accordance with PSC case # 2009-00113. Due to the uncertainty of how this case would be decided, we did not know if we would need to install meters in those locations. We have also budgeted to purchase 132 meters per month. At this rate, complete change out to AMR will be accomplished in approximately 36 months. Approximately \$728,000 is needed to finish the project. The District has filed for several grants and is seeking other funding.

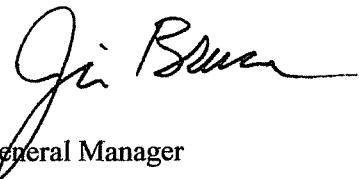
To date, the District has changed out 5,190 meters to AMR meters or 52% of our total number. There are 4,759 remaining to be installed. Since the original approval of this deviation, AMR meters have been installed at all new locations.

There are currently 2,123 non-AMR meters in service, that were last tested >10 years.

By granting this extension request, Hardin County Water District No.1 can continue to avoid redundant costs to our customers for testing meters that are planned to be replaced with a new AMR meter.

Please feel free to call Mr. Brett Pyles at 270/766-9477 if you need more information or have any questions.

Sincerely,



Jim Bruce, General Manager

Cf: Mr. Brett Pyles, Operations Manager
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