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**PUBLIC SERVICE
COMMISSION**

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF HARDIN COUNTY WATER)
DISTRICT NO. 1 TO ADJUST ITS RATES FOR)
SEWER SERVICE)

CASE NO. 2013-00050

STIPULATION AND RECOMMENDATION

It is the intent and purpose of the parties to this proceeding, namely Hardin County Water District No. 1 ("Hardin District") and the Attorney General of the Commonwealth of Kentucky ("Attorney General") to express their agreement on a mutually satisfactory resolution of all of the issues in the instant proceeding.

It is understood by all parties hereto that this Stipulation and Recommendation is not binding upon the Public Service Commission ("Commission"), nor does it represent agreement on any specific theory supporting the appropriateness of any recommended adjustments to Hardin District's rates. The parties have expended considerable efforts to reach the agreements that form the basis of this Stipulation and Recommendation. All of the parties, representing diverse interests and divergent viewpoints, agree that this Stipulation and Recommendation, viewed in its entirety, constitutes a reasonable resolution of all issues in this proceeding.

In addition, the adoption of this Stipulation and Recommendation will eliminate the need for the Commission and the parties to expend significant resources in litigation of this proceeding, and eliminate the possibility of, and any need for, rehearing or appeals of the Commission's final order herein. It is the position of the parties hereto that this Stipulation and Recommendation is supported

by sufficient and adequate data and information, and is entitled to serious consideration by the Commission.

WHEREFORE, based upon the parties' participation in settlement conferences and the materials on file with the Commission, and upon the belief that these materials adequately support this Stipulation and Recommendation, the parties hereby stipulate and recommend the following:

1. Hardin District should be authorized to adjust its base rates in order to permit it an opportunity to recover \$571,464.00 more in annual revenue than it is recovering under its current base rates, with such revised rates to be effective for service billed on and after May 1, 2014. The adjusted rates shall be reflected in pro-forma tariff sheets which shall be amended and submitted within twenty (20) days of entry of a final order in this case. These pro-forma tariff sheets reflect rates that are designed to allow Hardin District to recover the increased revenue from its two classes of customers, in the manner agreed to by the parties to this Stipulation and Recommendation.

2. Hardin District's actual rate case expenses will be deferred, amortized and recovered over a five-year period.

3. Attached to this Stipulation and Recommendation as Attachment A are proof-of-revenue sheets, showing that the stipulated rates will generate the proposed revenue increase to which the parties have agreed in Paragraph number 1 hereof.

4. Attached to this Stipulation and Recommendation as Attachment B is a revised Billing Analysis Comparison reflecting the customer impact of the proposed revenue increase to which the parties have agreed in Paragraph number 1 hereof.

5. The Parties agree that the foregoing terms and conditions represent a fair, just, and reasonable resolution of the issues addressed herein.

6. The Attorney General reserves his right to file testimony or comments in lieu of testimony, and Hardin District reserves the right to file rebuttal testimony should the Commission not approve this Stipulation and Recommendation.

7. Each party hereto waives all cross-examination of the witnesses of the other parties hereto except in support of the Stipulation and Recommendation, or unless the Commission disapproves this Stipulation and Recommendation, and each party further stipulates and recommends that the Notice of Intent, Notice, Application, testimony, pleadings and responses to data requests filed in this proceeding be admitted into the record. The parties also agree that if the Commission issues an order adopting this Stipulation and Recommendation in its entirety there will be no need for any party to file a post-hearing brief.

8. This Stipulation and Recommendation is submitted for purposes of this case only and is not deemed binding upon the parties hereto in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving Hardin District or any other utility.

9. If the Commission issues an order adopting this Stipulation and Recommendation in its entirety, each of the parties hereto agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin County Circuit Court with respect to such order.

10. In the event the Commission should reject or modify all or any portion of this Stipulation and Recommendation, or impose additional conditions or requirements upon the signatory parties, each signatory party shall have the right, within twenty (20) days of the Commission's order, to either file an application for rehearing or terminate and withdraw from the Stipulation and Recommendation by filing a notice with the Commission. Upon rehearing, any signatory party shall have the right within fifteen (15) days of the Commission's order on rehearing to file a notice of termination or withdrawal from this Stipulation and

Recommendation. In such event the terms of this Stipulation and Recommendation shall not be deemed binding upon the parties hereto, nor shall such Stipulation and Recommendation be admitted into evidence, or referred to, or relied upon in any manner by any party hereto.

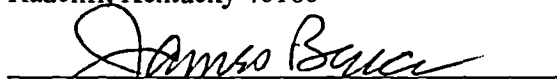
11. All of the parties hereto agree that the foregoing Stipulation and Recommendation is reasonable and in the best interests of all concerned, and urge the Commission to adopt the Stipulation and Recommendation in its entirety.

AGREED, this 11th day of March, 2014.

HARDIN COUNTY WATER DISTRICT NO. 1



Honorable David T. Wilson II
Attorney at Law
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Jim Bruce
General Manager
Hardin County Water District #1
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JACK CONWAY
ATTORNEY GENERAL



Honorable Jennifer Black Hans
Honorable Gregory T. Dutton
Assistant Attorney General
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1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Stipulation and Recommendation was served upon all parties of record by regular U. S. mail this 11th day of March, 2014.



David T. Wilson II

SERVICE LIST

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ATTACHMENT A

PROOF OF REVENUE

ATTACHMENT A

**HCWD1 - Radcliff Utility
PSC Case
Proposed Rates**

Schedule 12

Minimum Charge Revenues

Type of Charge	Proposed Charge (per bill)	Rate Year Number of Bills	Rate Year Revenue Under Proposed Charge
Minimum Charge (Includes 2,000 gallons)	\$ 19.62944	104,154	\$ 2,044,483

Total Revenues from Minimum Charge Under Proposed Rates \$ 2,044,483

Volumetric Charge Revenues

Type of Charge	Proposed Charge (per kgal)	Rate Year Billable Flows	Rate Year Revenue Under Proposed Charge
Rate Block 1 (2,000 - 15,000 Gallons)	\$ 6.40165	193,961	\$ 1,241,669
Rate Block 2 (Above 15,000 Gallons)	\$ 5.76149	113,928	656,394

Total Revenues from Volumetric Charges Under Proposed Rates \$ 1,898,063

Total Rate Year Revenue From Proposed Rates and Charges (Calculated) \$ 3,942,546

Rate Year Revenue Requirements \$ 3,942,546

Test Year Revenues \$ 3,371,082

Revenue From Rate Increase \$ 571,464

ATTACHMENT B
BILLING ANALYSIS COMPARISON

ATTACHMENT B

REVISED SCHEDULE 2-c, BILLING ANALYSIS COMPARISON

HCWD1 - Radcliff Utility

PSC Case

Billing Analysis - Comparison (Board Approved Structure)

Schedule 2c

From	To	Average Usage	Accounts	Bills	Existing Rates		Proposed Rates		\$ Change	% Change
					Monthly Charge for Average Use	Monthly Charge for Average Use	Monthly Charge for Average Use	Monthly Charge for Average Use		
0	0	0	788	9,456	\$ 17.11	\$ 17.11	\$ 19.63	\$ 2.52	14.7%	
0	999	500	958	11,497	\$ 17.11	\$ 17.11	\$ 19.63	\$ 2.52	14.7%	
1,000	1,999	1,500	1,406	16,871	\$ 17.11	\$ 17.11	\$ 19.63	\$ 2.52	14.7%	
2,000	2,999	2,500	1,431	17,172	\$ 19.90	\$ 19.90	\$ 22.83	\$ 2.93	14.7%	
3,000	3,999	3,500	1,213	14,560	\$ 25.48	\$ 25.48	\$ 29.23	\$ 3.75	14.7%	
4,000	4,999	4,500	940	11,274	\$ 31.06	\$ 31.06	\$ 35.63	\$ 4.57	14.7%	
5,000	5,999	5,500	622	7,468	\$ 36.64	\$ 36.64	\$ 42.03	\$ 5.39	14.7%	
6,000	6,999	6,500	403	4,840	\$ 42.22	\$ 42.22	\$ 48.43	\$ 6.22	14.7%	
7,000	7,999	7,500	248	2,976	\$ 47.80	\$ 47.80	\$ 54.84	\$ 7.04	14.7%	
8,000	8,999	8,500	161	1,927	\$ 53.38	\$ 53.38	\$ 61.24	\$ 7.86	14.7%	
9,000	9,999	9,500	106	1,272	\$ 58.96	\$ 58.96	\$ 67.64	\$ 8.68	14.7%	
10,000	10,999	10,500	70	834	\$ 64.54	\$ 64.54	\$ 74.04	\$ 9.50	14.7%	
11,000	11,999	11,500	46	558	\$ 70.12	\$ 70.12	\$ 80.44	\$ 10.32	14.7%	
12,000	12,999	12,500	36	435	\$ 75.70	\$ 75.70	\$ 86.84	\$ 11.15	14.7%	
13,000	13,999	13,500	27	318	\$ 81.28	\$ 81.28	\$ 93.25	\$ 11.97	14.7%	
14,000	14,999	14,500	23	278	\$ 86.86	\$ 86.86	\$ 99.65	\$ 12.79	14.7%	
15,000	24,999	20,000	91	1,094	\$ 112.00	\$ 112.00	\$ 131.66	\$ 19.66	17.6%	
25,000	34,999	30,000	30	357	\$ 156.70	\$ 156.70	\$ 189.27	\$ 32.57	20.8%	
35,000	44,999	40,000	20	244	\$ 201.40	\$ 201.40	\$ 246.89	\$ 45.49	22.6%	
45,000	54,999	50,000	13	158	\$ 246.10	\$ 246.10	\$ 304.50	\$ 58.40	23.7%	
55,000	64,999	60,000	8	100	\$ 290.80	\$ 290.80	\$ 362.11	\$ 71.32	24.5%	
65,000	74,999	70,000	6	75	\$ 335.50	\$ 335.50	\$ 419.73	\$ 84.23	25.1%	
75,000	84,999	80,000	3	40	\$ 380.20	\$ 380.20	\$ 477.34	\$ 97.15	25.6%	
85,000	94,999	90,000	3	33	\$ 424.90	\$ 424.90	\$ 534.96	\$ 110.06	25.9%	
95,000	104,999	100,000	2	27	\$ 469.60	\$ 469.60	\$ 592.57	\$ 122.98	26.2%	
105,000	114,999	110,000	2	27	\$ 514.30	\$ 514.30	\$ 650.19	\$ 135.89	26.4%	
115,000	124,999	120,000	2	23	\$ 559.00	\$ 559.00	\$ 707.80	\$ 148.81	26.6%	
125,000	134,999	130,000	1	18	\$ 603.70	\$ 603.70	\$ 765.42	\$ 161.72	26.8%	
135,000	144,999	140,000	2	22	\$ 648.40	\$ 648.40	\$ 823.03	\$ 174.64	26.9%	
145,000	154,999	150,000	2	20	\$ 693.10	\$ 693.10	\$ 880.65	\$ 187.55	27.1%	
155,000	164,999	160,000	1	12	\$ 737.80	\$ 737.80	\$ 938.26	\$ 200.47	27.2%	
165,000	174,999	170,000	1	13	\$ 782.50	\$ 782.50	\$ 995.88	\$ 213.38	27.3%	
175,000	184,999	180,000	1	12	\$ 827.20	\$ 827.20	\$ 1,053.49	\$ 226.30	27.4%	
185,000	194,999	190,000	1	10	\$ 871.90	\$ 871.90	\$ 1,111.11	\$ 239.21	27.4%	
195,000	204,999	200,000	0	5	\$ 916.60	\$ 916.60	\$ 1,168.72	\$ 252.13	27.5%	
205,000	214,999	210,000	1	10	\$ 961.30	\$ 961.30	\$ 1,226.34	\$ 265.04	27.6%	
215,000	224,999	220,000	0	4	\$ 1,006.00	\$ 1,006.00	\$ 1,283.95	\$ 277.96	27.6%	
225,000	234,999	230,000	0	5	\$ 1,050.70	\$ 1,050.70	\$ 1,341.57	\$ 290.87	27.7%	
235,000	244,999	240,000	0	5	\$ 1,095.40	\$ 1,095.40	\$ 1,399.18	\$ 303.78	27.7%	
245,000	254,999	250,000	0	4	\$ 1,140.10	\$ 1,140.10	\$ 1,456.80	\$ 316.70	27.8%	
255,000	264,999	260,000	0	2	\$ 1,184.80	\$ 1,184.80	\$ 1,514.41	\$ 329.61	27.8%	
265,000	274,999	270,000	0	4	\$ 1,229.50	\$ 1,229.50	\$ 1,572.03	\$ 342.53	27.9%	
275,000	284,999	280,000	1	8	\$ 1,274.20	\$ 1,274.20	\$ 1,629.64	\$ 355.44	27.9%	
285,000	294,999	290,000	0	5	\$ 1,318.90	\$ 1,318.90	\$ 1,687.26	\$ 368.36	27.9%	
295,000	304,999	300,000	0	5	\$ 1,363.60	\$ 1,363.60	\$ 1,744.87	\$ 381.27	28.0%	
305,000	314,999	310,000	1	7	\$ 1,408.30	\$ 1,408.30	\$ 1,802.49	\$ 394.19	28.0%	
315,000	324,999	320,000	0	3	\$ 1,453.00	\$ 1,453.00	\$ 1,860.10	\$ 407.10	28.0%	
325,000	334,999	330,000	1	7	\$ 1,497.70	\$ 1,497.70	\$ 1,917.72	\$ 420.02	28.0%	
335,000	344,999	340,000	0	4	\$ 1,542.40	\$ 1,542.40	\$ 1,975.33	\$ 432.93	28.1%	
345,000	354,999	350,000	0	0	\$ 1,587.10	\$ 1,587.10	\$ 2,032.95	\$ 445.85	28.1%	
355,000	374,999	365,000	0	4	\$ 1,654.15	\$ 1,654.15	\$ 2,119.37	\$ 465.22	28.1%	
375,000	384,999	380,000	0	2	\$ 1,721.20	\$ 1,721.20	\$ 2,205.79	\$ 484.59	28.2%	
385,000	404,999	395,000	0	3	\$ 1,788.25	\$ 1,788.25	\$ 2,292.21	\$ 503.97	28.2%	
405,000	424,999	415,000	0	1	\$ 1,877.65	\$ 1,877.65	\$ 2,407.44	\$ 529.80	28.2%	
425,000	464,999	445,000	0	5	\$ 2,011.75	\$ 2,011.75	\$ 2,580.29	\$ 568.54	28.3%	
465,000	624,999	545,000	1	13	\$ 2,458.75	\$ 2,458.75	\$ 3,156.44	\$ 697.69	28.4%	
625,000	654,999	640,000	0	2	\$ 2,883.40	\$ 2,883.40	\$ 3,703.78	\$ 820.38	28.5%	
655,000	714,999	685,000	1	8	\$ 3,084.55	\$ 3,084.55	\$ 3,963.04	\$ 878.50	28.5%	
715,000	844,999	780,000	2	22	\$ 3,509.20	\$ 3,509.20	\$ 4,510.39	\$ 1,001.19	28.5%	
845,000	900,000	845,000	0	0	\$ 3,799.75	\$ 3,799.75	\$ 4,884.89	\$ 1,085.14	28.6%	