

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION INTO THE PROPOSED WATER )  
PURCHASE AGREEMENT BETWEEN ) CASE NO. 2013-00252  
LOUISVILLE WATER COMPANY AND HARDIN )  
COUNTY WATER DISTRICT NO. 2 )

ORDER

Pursuant to the Commission's Order in Administrative Case No. 351,<sup>1</sup> Louisville Water Company has filed with the Commission a water purchase agreement with Hardin County Water District No. 2 ("Hardin District").<sup>2</sup> Pursuant to the terms of this agreement, which has a term of 50 years, Hardin District in 2016 will purchase a minimum of 60,000,000 gallons of water annually from Louisville Water Company and beginning in 2021 will purchase 365,000,000 gallons of water annually for the remaining contract period.

Based upon our initial review of the contract, the Commission finds that the proposed contract requires Hardin District to assume significant financial obligations that may affect the price and quality of the water service that Hardin District provides to its customers. Moreover, these obligations appear to render the proposed water purchase agreement an evidence of long-term indebtedness that would require prior Commission approval pursuant to KRS 278.300(1).<sup>3</sup> Accordingly, the Commission finds

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<sup>1</sup> Administrative Case No. 351, *Submission of Contracts and Rates of Municipal Utilities Providing Wholesale Utility Service to Public Utilities* (Ky. PSC Aug. 9, 1994).

<sup>2</sup> TFS No. 2013-00331 (Ky. PSC filed Apr. 29, 2013).

<sup>3</sup> No utility shall issue any securities or evidences of indebtedness, or assume any obligation or liability in respect to the securities or evidences of indebtedness of any other person until it has been authorized to do so by order of the commission.

that, pursuant to KRS 278.040 and 278.250, an investigation into the reasonableness and lawfulness of the proposed water purchase agreement should be conducted.

IT IS THEREFORE ORDERED that:

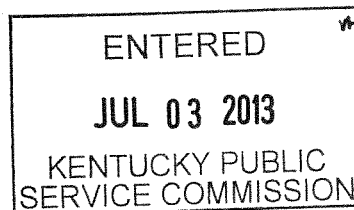
1. This proceeding is established to investigate the reasonableness and lawfulness of the proposed water purchase agreement between Louisville Water Company and Hardin District.

2. Louisville Water Company and Hardin District are made parties to this proceeding.

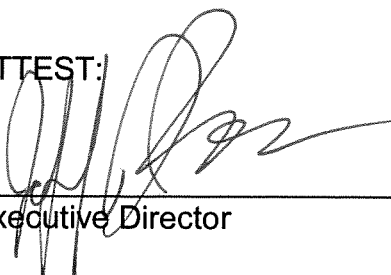
3. Within 30 days of the date of this Order, Louisville Water Company and Hardin District shall file with the Commission a written memorandum addressing whether KRS 278.300(1) requires Hardin District to apply for Commission approval prior to executing the proposed water purchase agreement.

4. Hardin District shall take no action to implement the provisions of the proposed water purchase agreement until completion of this proceeding without express Commission approval.

By the Commission



ATTEST:

  
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Executive Director

J. Vincent Guenthner  
Manager, Governmental Affairs  
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