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RECEIVED
OCT 10 2014
PUBLIC SERVICE
COMMISSION

Damon R. Talley

Attorney At Law

October 8, 2014

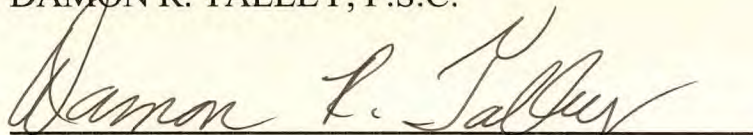
Mr. Jeff Derouen
Executive Director
Public Service Commission
PO Box 615
Frankfort, KY 40602

RE: Case No. 2014-00289
Hardin County Water District No. 2
Financing – Promissory Note for \$8,000,000

Dear Mr. Derouen:

Enclosed for filing on behalf of Hardin County Water District No. 2 are the original and ten (10) copies of the Notice of Filing of Customer Notice.

Yours truly,
DAMON R. TALLEY, P.S.C.



DAMON R. TALLEY, ATTORNEY FOR
HARDIN COUNTY WATER DISTRICT NO. 2

DRT:ms

Enclosures

cc: Hardin County Water District No. 2

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION RECEIVED

In the Matter of:

OCT 10 2014

PUBLIC SERVICE
COMMISSION

THE APPLICATION OF THE HARDIN
COUNTY WATER DISTRICT NO. 2 FOR)
AUTHORITY TO EXECUTE A PROMISSORY)
NOTE IN THE PRINCIPAL AMOUNT OF)
\$8,000,000 PURSUANT TO THE PROVISIONS)
OF KRS 278.300 AND 807 KAR 5:001)

CASE NO.
2014-00289

** ** ** ** **

**NOTICE OF FILING
OF
CUSTOMER NOTICE**

** ** ** ** **

1. Hardin County Water District No. 2 (the “Hardin County No. 2”), by counsel, hereby gives notice that it has filed a copy of the attached Customer Notice in the record in this proceeding.

2. The purpose of the Customer Notice is to provide notice to the current Elizabethtown water customers that Hardin County No. 2 is seeking approval from the Kentucky Public Service Commission (the “Commission”) to implement the Elizabethtown Water Rate Tariff Schedule set forth in Elizabethtown Ordinance No. 07-2014 enacted on February 18, 2014 rather than charge the current Elizabethtown water customers the higher Hardin County No. 2 water rates.

3. The Ordinance provides a gradual 4-step transition from Elizabethtown's current water rates to Hardin County No. 2's current water rates (the "Rate Transition Plan").

4. Notice of the Rate Transition Plan has already been provided to the public by the news articles which appeared in the following editions of *The News-Enterprise*:

- a. January 14, 2014;
- b. January 28, 2014;
- c. February 18, 2014;
- d. July 15, 2014;
- e. July 22, 2014;
- f. July 29, 2014; and
- g. August 3, 2014 (editorial).

Copies of these newspaper articles were attached to Applicant's Response to Commission Staff's First Information Request, Question 1.

5. Hardin County No. 2 has already provided notice of the Rate Transition Plan by including a newsletter containing the 4-step rate increases in all Elizabethtown customer bills during September, 2014 (see Applicant's Response to Commission Staff's First Information Request, Question 1).

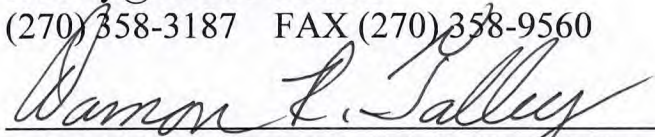
6. Additionally, notice of the Rate Transition Plan has been, or will be, provided in the following manner:

- a. The attached Customer Notice has been posted in a prominent location at Hardin County No. 2's Customer Service Center located at 360 Ring Road, Elizabethtown, Kentucky;
- b. The attached Customer Notice has been posted on Hardin County No. 2's website – www.hardincountywater2.org;
- c. Hardin County No. 2's website contains a hyperlink to the location on the Commission's website where the case documents for Case No. 2014-00289 are available; and
- d. The attached Customer Notice will be published in *The News-Enterprise* on Wednesday, November 5, 2014.

7. Subject to any additional requirements that the Commission may order, Hardin County No. 2 will provide additional notice to the customers in the Elizabethtown water service area at least 30 days prior to the effective dates of the Step 2, Step 3, and Step 4 rate increases. These future notices will be made, to the extent applicable, in the manner set forth above in paragraph 6 and 807 KAR 5:001, Section 17. The future notices will be in substantially the same form as the attached Customer Notice, subject to any modifications necessitated by Commission Orders or the passage of time.

This 8th day of October, 2014.

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DAMON R. TALLEY, ATTORNEY FOR
HARDIN COUNTY WATER DISTRICT NO. 2

Customer Notice – Elizabethtown Water Service Area

Notice is hereby given that Hardin County Water District No. 2 (the “Water District”) has filed an application with the Kentucky Public Service Commission (see Case No. 2014-00289) seeking approval: (i) to incur a long-term debt for the purpose of acquiring Elizabethtown’s Water System Assets; and (ii) to implement the Elizabethtown Water Rate Tariff Schedule set forth in Elizabethtown Ordinance No. 07-2014 enacted on February 18, 2014 and also shown below. These rates will be applicable to current Elizabethtown water customers and future customers receiving water service in the Elizabethtown Water Service Area. These rates will not apply to residents of Elizabethtown who are already customers of the Water District. The Elizabethtown Water Rate Tariff Schedule contains four (4) step rate increases. If approved by the Public Service Commission, Step 1 rates will become effective for water service rendered by the Water District on and after November 1, 2014. The other step increases will become effective on the dates shown below.

Monthly Water Rates for Elizabethtown Water Service Area

| Usage Gallons | Current Rates | STEP 1 | | | STEP 2 | | | STEP 3 | | | STEP 4 | | |
|---------------|---------------|-------------------|-----------------|------------|------------------|-----------------|------------|------------------|-----------------|------------|------------------|-----------------|------------|
| | | Effective 11-1-14 | Dollar Increase | % Increase | Effective 7-1-15 | Dollar Increase | % Increase | Effective 7-1-16 | Dollar Increase | % Increase | Effective 7-1-17 | Dollar Increase | % Increase |
| First 2,000 | \$ 10.00 | \$ 12.80 | \$ 2.80 | 28.0% | \$ 14.70 | \$ 1.90 | 14.8% | \$ 16.60 | \$ 1.90 | 12.9% | \$ 18.50 | \$ 1.90 | 11.4% |
| Next 3,000 | \$ 4.70 | \$ 4.85 | \$ 0.15 | 3.2% | \$ 4.95 | \$ 0.10 | 2.1% | \$ 5.05 | \$ 0.10 | 2.0% | \$ 5.15 | \$ 0.10 | 2.0% |
| Next 5,000 | \$ 4.40 | \$ 4.65 | \$ 0.25 | 5.7% | \$ 4.85 | \$ 0.20 | 4.3% | \$ 5.05 | \$ 0.20 | 4.1% | \$ 5.15 | \$ 0.10 | 2.0% |
| Next 490,000 | \$ 4.10 | \$ 4.40 | \$ 0.30 | 7.3% | \$ 4.65 | \$ 0.25 | 5.7% | \$ 4.90 | \$ 0.25 | 5.4% | \$ 5.15 | \$ 0.25 | 5.1% |
| Over 500,000 | \$ 2.50 | \$ 2.60 | \$ 0.10 | 4.0% | \$ 2.70 | \$ 0.10 | 3.8% | \$ 2.80 | \$ 0.10 | 3.7% | \$ 2.90 | \$ 0.10 | 3.6% |

The **Step 1** rate increase will cause the monthly bill for a residential customer using an average of 5,000 gallons per month to increase from \$24.10 to \$27.35. This is an increase of \$3.25 or 13.5%.

The **Step 2** rate increase will cause the monthly bill for a residential customer using an average of 5,000 gallons per month to increase from \$27.35 to \$29.55. This is an increase of \$2.20 or 8.0%.

The **Step 3** rate increase will cause the monthly bill for a residential customer using an average of 5,000 gallons per month to increase from \$29.55 to \$31.75. This is an increase of \$2.20 or 7.4%.

The **Step 4** rate increase will cause the monthly bill for a residential customer using an average of 5,000 gallons per month to increase from \$31.75 to \$33.95. This is an increase of \$2.20 or 6.9%.

The rates contained in this notice are the rates set forth in Elizabethtown Ordinance No. 07-2014 enacted by the Elizabethtown City Council on February 18, 2014. As part of its agreement to purchase the Elizabethtown Water System Assets, the Water District agreed to seek approval from the Public Service Commission to implement the Elizabethtown Water Rate Tariff Schedule for the current Elizabethtown water customers and future water customers receiving water service in the Elizabethtown Water Service Area. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates shown in this notice.

The Water District has available for inspection at its office the application which it submitted to the Public Service Commission. The Water District's office is located at 360 Ring Road, Elizabethtown, KY 42702. You may contact the office at 270-737-1056 or visit the Water District website at www.hardincountywater2.org.

A person may also examine the application at the Public Service Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's website at <http://psc.ky.gov>. Comments regarding the application may be submitted to the Public Service Commission through its website or by mail to Public Service Commission, PO Box 615, Frankfort, Kentucky, 40602. You may contact the Public Service Commission at 502-564-3940.