

Office:
8955 Main Street • P.O. Box 219
Campbellsburg, KY 40011
Telephones:
(502) 532-6279 • (502) 532-6280
1-800-256-2350
Fax:
(502) 532-0027



Water Treatment Plant:
3278 Morton Ridge Road
Bedford, KY 40006
Telephone:
(502) 255-0126
Fax:
(502) 255-0347

February 21st, 2016

Talina R. Mathews
Executive Director
Kentucky Public Service Commission
Case No. 2016-00377

In the Matter of:

Application of Henry County Water District #2 for Rate Adjustment pursuant to 807 KAR 5:076

The Henry County Water District #2 respectfully requests to use the originally requested 5.2% rate increase for water services. The District has reviewed the proposed changes to our original application and requests that it be noted that there was a misinterpretation of the 2009-00370 case in which the depreciable lives of assets was noted. The understanding was that newly acquired assets be depreciated using the stipulated lives, but that all previously acquired assets would remain at their original identified useful life. In this response, we ask that the Public Service Commission clarify the assets lives to be used for previously depreciated assets.

After we initially advertised for a water rate increase, a letter was sent out to all of our customers stating the terms and conditions of our proposal. The District has received a high volume of support regarding this letter and the rate increase we have proposed. The District fully understands the importance of recovering all depreciation costs and will look to do so in the near future.

With Regards,


Chairman
Henry County Water District

Attachment

RECEIVED
FEB 24 2017
PUBLIC SERVICE
COMMISSION

Office:

8955 Main Street • P.O. Box 219
Campbellsburg, KY 40011

Telephones:
(502) 532-6279 • (502) 532-6280
1-800-256-2350

Fax:
(502) 532-0027



Water Treatment Plant:

3278 Morton Ridge Road
Bedford, KY 40006

Telephone:
(502) 255-0126

Fax:
(502) 255-0347

RECEIVED

FEB 24 2017

PUBLIC SERVICE
COMMISSION

Dear Valued Customer,

The Henry County Water District has recently applied for a rate increase with the Kentucky Public Service Commission. The proposed increase is **5.2%**. The last rate increase granted to the District was **August 2010**. The review process by the Public Service Commission is extensive and normally takes four to six months to complete. In reality it will be **six and one half** years since the last rate increase. The proposed rate increase is less than **one percent** per year since the last increase. Over the comparable period of time, the **Consumer Price Index has risen over 10%**.

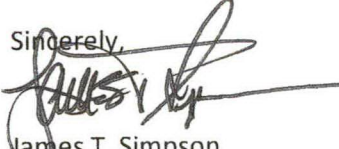
The District and its employees are **determined** to maintain the infrastructure in the highest possible condition and to that end; the District has invested **five million** dollars into the distribution system in the past three years alone. These upgrades are necessary to insure that **clean safe drinking water is available for your consumption**. The funding for these improvements was obtained through the Kentucky Infrastructure Authority in the form of low interest loans. There is **no grant money** available for water projects from federal or state agencies. In addition, we would also not qualify for grant or zero interest loan money due to the household median income in the District's service area being above the threshold to receive such funds.

There is a **partnership** between the District and their customers. The customers pay a **fair and reasonable** rate according to the guidelines set forth by the Kentucky Public Service Commission and the District's employees maintain the treatment and distribution system to required standards which allows the delivery of **safe potable drinking water**. We do this to the best of our ability because we are customers too.

I understand that rate increases are **never** popular. We have put off requesting the increase as long as fiscally possible. Unfortunately, such increases are a necessity every so often to meet regulatory requirements along with keeping the service as dependable as possible.

A copy of the proposed rate increase is enclosed. If you have any questions or concerns please call the office at (502) 532-7025.

Sincerely,



James T. Simpson
Chief Operating Officer
Henry Co. Water District #2