COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF HARDIN COUNTY WATER DISTRICT NO. 1 FOR APPROVAL OF DEVIATION FROM ADMINISTRATIVE REGULATION 807 KAR 5:066, SECTION 16, PERIODIC TESTS	))))	CASE NO. 2005-00225

O R D E R

On June 15, 2005, Hardin County Water District No. 1 ("Hardin No. 1") submitted an application requesting permission to deviate from 807 KAR 5:066, Section 16(1)[1] for a period of 5 years. This regulation states that all meters shall be tested periodically so that no meter will remain in service without test for a period longer than 10 years for meters ranging in size from 5/8 inch through one inch ("small meters"). Hardin No. 1 states in its application that it will be replacing all small meters with new tested and calibrated Automated Meter Reading ("AMR") meters over a 5-year period and will avoid redundant costs to its customers for testing meters that are about to be replaced.

The Commission, having reviewed the application and being otherwise sufficiently advised, finds that:

1. Hardin No. 1 will not be in compliance with 807 KAR 5:066, Section 16(1), which requires the utility to periodically test all small meters every 10 years.

2. Hardin No. 1 proposes to implement the replacement of all small meters with new tested and calibrated AMR meters beginning in 2005 and completing in 2010.

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[1] Hardin No. 1 inadvertently referenced 807 KAR 5:041, Section 15, which is for the testing of electric metering equipment. The correct regulation for the testing of water meters is 807 KAR 5:066, Section 16.

3. Hardin No. 1 plans to install 9,348 new water meters and retrofit approximately 520 existing meters over a 5-year period beginning in 2005 and completing in the year 2010.

4. Hardin No. 1's meter testing program is up-to-date with no meters in the field with a test date older than 10 years. Of the 1, 490 meters tested in the year 2004, 180 meters registered slower than the 2 percent allowable limit.

5. The additional cost to the utility and its customers to replace all small meters while continuing to test the existing meters between the years 2005 and 2010 would be approximately $83,200.

6. Hardin No. 1's application should be granted, and it should be permitted to suspend testing of those small meters being replaced with all new AMR meters from a period beginning in the year 2005 and ending December 31, 2010.

7. Hardin No. 1 should provide the Commission with an annual report stating the progress of the AMR meter installations, to include but not limited to, the number of new AMR meters installed, existing meters still in service, number of existing meters older than 10 years that are still in service, and the percentage of meters remaining to complete the change out.

IT IS THEREFORE ORDERED that:

1. Hardin No. 1 is granted permission to deviate from 807 KAR 5:066, Section 16(1).

2. Hardin No. 1 shall have until December 31, 2010 to replace all existing meters with new AMR meters.

3. Hardin No. 1 shall file with the Commission an annual report, beginning January 1, 2006, stating the progress of the AMR meter installations, to include but not limited to, the number of new AMR meters installed, existing meters still in service, number of existing meters older than 10 years that are still in service, and the percentage of meters remaining to complete the change out.

Nothing contained herein shall limit the authority of the Commission to review the appropriateness of the flowmeter installation approved herein at anytime during the period that it is in service.

Done at Frankfort, Kentucky, this 14th day of October, 2005.

By the Commission

ATTEST:

Executive Director