

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REQUEST OF HENRY COUNTY WATER)
DISTRICT NO. 2 FOR AN EXTENSION OF TIME) CASE NO. 2009-00211
IN WHICH TO ASSESS ITS OFFSETTING)
IMPROVEMENT CHARGE)

ORDER

In Case No. 2006-00191,¹ the Commission reviewed the operation of Henry County Water District No. 2's ("Henry District") Offsetting Improvement Charge. After a lengthy proceeding, the Commission, on December 8, 2008, found that Henry District had failed to demonstrate the need for and the reasonableness of this charge and that assessment of the charge should cease.

To prevent any disparate treatment of customers that might result from the sudden termination of this charge, we permitted Henry District to continue assessment of the charge for 180 days. We noted that this grace period would "permit Henry District sufficient time to develop and to file with the Commission an alternative mechanism that comprehensively addresses the allocation of costs associated with customer growth."

On May 18, 2009, Henry District requested that the grace period be extended through December 31, 2009 to allow additional time for the development of a substitute charge. Henry District states that it has been exploring possible replacements for its Offsetting Improvement Charge. It further states that, the Attorney General ("AG") has

¹ Case No. 2006-00191, Examination of the Operation and Reasonableness of the Offsetting Improvement Charge of Henry County Water District No. 2 (Ky. PSC Dec. 8, 2008).

advised Henry District of his concerns regarding the lawfulness of a potential alternative and the establishment of such alternative outside of a general rate proceeding. As a result, Henry District states, it requires additional time to "make the necessary well informed judgments regarding the structure" of its alternative charge and to maintain a consistent policy toward its new customers.

The Commission finds that Henry District should be permitted an additional 90 days in which to assess the existing Offsetting Improvement Charge. Thirty days prior to the close of that period, Henry District should report to the Commission in writing on its efforts to develop an alternative to its Offsetting Improvement Charge and its plan for implementing such alternative. Any additional extensions of time will be permitted only if a definite plan has been demonstrated.

IT IS THEREFORE ORDERED that:

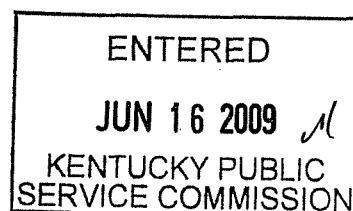
1. Henry District's motion is granted in part and denied in part.
2. Henry District may continue to assess its existing Offsetting Improvement Charge until September 4, 2009.
3. All provisions of the Commission's Order of December 8, 2008 in Case No. 2006-00191 that do not conflict with the provisions of this Order remain in full force and effect.

By the Commission

ATTEST:



Executive Director



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