

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION INTO THE PROPOSED WATER)	
PURCHASE AGREEMENT BETWEEN)	CASE NO. 2013-00251
LOUISVILLE WATER COMPANY AND HARDIN)	
COUNTY WATER DISTRICT NO. 1)	

ORDER

Pursuant to the Commission's Order in Administrative Case No. 351,¹ Hardin County Water District No. 1 ("Hardin District") has filed with the Commission a water purchase agreement between Louisville Water Company and Hardin District.² Pursuant to the terms of this agreement, which has a term of 40 years, Hardin District will purchase its entire water requirements necessary to serve the Fort Knox Military Installation from Louisville Water Company and will incur a monthly service charge throughout the life of the agreement.

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

¹ Administrative Case No. 351, *Submission of Contracts and Rates of Municipal Utilities Providing Wholesale Utility Service to Public Utilities*, (Ky. PSC Aug. 9, 1994). The responsibility for filing with the Commission a contract that requires a municipal utility to provide utility service to a public utility lies with the municipal utility. See, e.g., Case No. 2001-230, *The Contract Filing of Kentucky-American Water Company of a Water Purchase Agreement with Winchester Municipal Utilities Commission* (Ky. PSC Oct. 19, 2001).

² TFS No. 2012-00491 (Ky. PSC filed June 13, 2012).

Commission approval pursuant to KRS 278.300(1).³ Accordingly, the Commission finds 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.

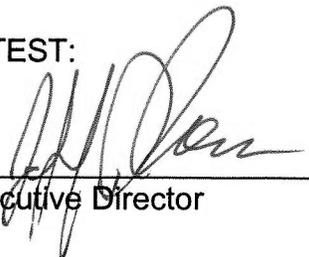
³

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.

By the Commission

ENTERED
JUL 03 2013
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2013-00251

Jim Bruce
General Manager
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