

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

THE APPLICATION OF HENRY COUNTY)	
WATER DISTRICT FOR AN ADJUSTMENT)	
OF WATER RATES AND CHARGES AND)	CASE NO.
THE APPROVAL OF A SYSTEM DEVELOPMENT)	2009-00370
CHARGE)	

*** ** *** ** *** ** **

AMENDED PETITION

Comes the Henry County Water District No. 2 (Henry District), by counsel, and amends its Application submitted to the Commission on November 16, 2009. The original application contained a request for approval to construct and finance a waterworks project with money borrowed from Rural Development. The purpose of this amendment is to remove the request for approval to construct and finance.

In its initial application, Henry District included \$305,962 to cover debt payments on the RD loan. The overall increase in rates was 18 percent. Henry District in this amended application proposes to increase the amount of depreciation requested and to leave the rates the same as originally proposed.

RATE INCREASE

Henry District's operating income is \$3,171,411 while expenses are \$3,762,455 a deficit of \$591,044. The overall requested increase is 18 percent.

The proposed increase in rates and charges are necessary for Henry District to meet all expenses. An increase in rates is essential for Henry District to maintain a reasonable level of service, to meet the expanding needs of the service area and to cover its debt service and operation and maintenance expense.

SYSTEM DEVELOPMENT CHARGE

Henry District requests the approval of a System Development Charge ("SDC") to achieve a reasonable equity balance between existing and new customers. The proposed Equity SDC will acknowledge the contributions of existing customers and "level the playing field" by assessing new customers a fair and reasonable system development charge. The SDC has been determined by dividing the net system value by the number of 5/8-inch-equivalent customers the system is capable of serving.

The SDC will be collected when a new customer requests a meter to be set, or when Henry District is asked to certify water availability on a subdivision plat, or to provide a letter certifying such water availability, or to certify service for the Division of Water approval of water line plans for proposed developments.

Because Henry District is requesting approval of a SDC based on the equity method, many of the filing requirements of 807 KAR 5:090 which focus on incremental methodology are of very limited or no use in determining the reasonableness of the SDC. Henry District requests a deviation from the filing

requirements set out in 807 KAR 5:090 Sections 3(6), 5, 8, 10, 11, 12(2), 12(3), 12(4b) and 12(4)(c) and 13. The reason for each request for waiver is further explained in the testimony of Thomas Green at Exhibit 9.

AMENDMENTS TO EXHIBITS

Exhibit 3 – Tariff sheets revised to reflect new effective date.

Exhibit 4 - Expenses revised

Exhibit 7 – Delete to remove engineering reports

Exhibit 8 - Delete to reflect revised cost of service study

Exhibit 9 – Replace with revised testimony of Thomas Green

New Information:

Testimony of Carryn Lee -Rates

Reports for each month encompassing the pro forma adjustments.

Adjustments to Usage

Any and all provisions of Henry District's original Application which are inconsistent with this Amended Application are hereby amended, modified or deleted as appropriate.

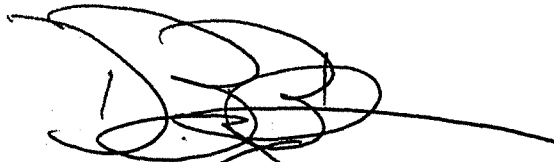
WHEREFORE, Henry District respectfully requests that the PSC take the following actions:

- A. Approve the proposed adjustment of water rates and charges to all customers;
- B. Approve Henry District's revised tariff sheets;
- C. Delete the financing plan proposed by Henry District in its original application;
- D. Approval of a System Development Charge; and
- E. Grant Henry District any and all other proper relief.

This 27 day of January, 2010.

Respectfully submitted,

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DISTRICT NO. 2