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Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
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David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

April 24, 2012

**Mr. James S Bruce, General Manager**  
**Hardin County Water District #1**  
1400 Rogersville Road  
Radcliff, Kentucky 40159

RE: Case No. 2012- 00151  
Hardin County Water District #1  
(Purchased Water Adjustment)

The Commission staff has reviewed Hardin County Water District No #1 application in the above case and finds that it met the minimum filing requirements upon receipt of the original on April 23, 2012 and has been accepted for filing.

Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further assistance, please contact my staff at 502-564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Linda Faulkner".

Linda Faulkner  
Filings Division Director

LF/tw

# Hardin County Water District No. 1

Serving Radcliff and Hardin County for Over 50 Years

1400 Rogersville Road  
Radcliff, KY. 40160

April 17, 2012

Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

**FILED**  
APR 23 2012  
PUBLIC SERVICE  
COMMISSION

**RECEIVED**

APR 23 2012  
PUBLIC SERVICE  
COMMISSION

**SUBJECT: Purchased Water Adjustment - Revised Application**

Dear Mr. Derouen;

2012 - 20151

Enclosed, please find our application for a purchased water rate adjustment ("PWA"). The adjustment is necessary to recover increased costs in the purchase of water from the U.S. Treasury, Garrison Resource Management at Fort Knox, Kentucky. This is our primary source of supplemental water. In 2011, 4.3% of our total water supply was purchased in order to meet demand. Our last general water rate adjustment was approved in 2007 (Case 2006-00410), based on 2006 adjusted test year expenses.

The District initially submitted a PWA application on November 22, 2011. The Commission found filing deficiencies in Case No 2011-00461 and notified the District on December 6, 2011. On April 5, 2012, HCWD1 staff and its attorney, Mr. David Wilson, participated in an informal conference call with Commission staff Mr. Jerry Wuetcher (Executive Advisor/Attorney) and Mr. Eddie Beavers to discuss the deficiencies claimed by the Commission, and options and methods to address these in a revised application, should the District decide to correct the deficiencies. One of the issues was whether the required electric expense, charged by the Government to pump the purchased water into the District's system, should be allowed in the PWA base amount.

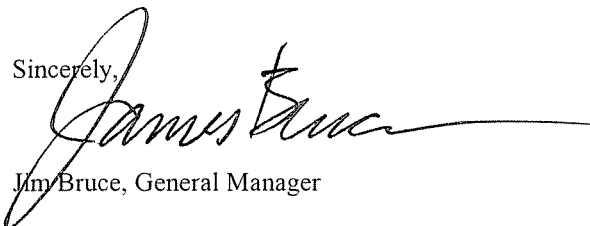
After this conference, Commission staff indicated that there may be reason for the District to correct and change its PWA calculation, and leave the Government electric costs in the formula, and allow the District to re-submit a revised PWA application for the Commission to reconsider. It was also discussed that the Government does not, and has not, formally notified the District of annual changes to its purchased water rate. It was suggested that in a revised PWA application, the evidence of a changed rate, shown in invoices from the Government, be included as the only evidence of a rate change. After this discussion, it was agreed that the District would withdraw its initial filing which was done so on April 13, 2012 and re-file a revised PWA application.

The revised application base rate is \$1.71 per thousand gallons, (See Attached). The District is requesting a PWA adjustment for a revised purchased water rate of \$1.82 per thousand gallons (+ 6.4%). Attached are the November and December 2011 purchased water invoices, including electric costs, from the U.S. Treasury. Supporting documentation for the calculations is also attached as Exhibit C-1 through C-3. The resulting Purchased Water Adjustment Factor is \$0.01 / kgal, or about \$5,000 annually.

We will publish the enclosed public notice of the requested rate revisions in the local newspaper. In accordance with PSC rules and regulations, the notice will be published before the new bills are issued and will be published one time. A copy of the newspaper notice and an affidavit verifying publication will be forwarded to the Commission upon publication.

HCWD1 has previously filed income statements and balance sheets for the year ending December 31, 2011 which are on file with the Commission.

Sincerely,



Jim Bruce, General Manager

Cf; Mr. Scott Schmuck, HCWD1 Finance & Accounting Manager  
Mr. David Wilson II, Attorney, HCWD1

Enclosures

Phone 1-270-351-3222

FAX: 1-270-352-3055

[www.HCWD.com](http://www.HCWD.com)