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February 9, 2015

Johnny Hobdy
Allen County Judge/Executive
P.O. Box 115
201 West Main Street
Scottsville, KY 42164

RE: Allen County Water District, Case No. 2013-00188

Dear Judge Hobdy:

As you may recall, in 2013, Allen County Water District ("Allen Co. WD") submitted an application to revise its non-recurring charges (meter tap fees) and other special charges (security deposit, meter test charge, returned check charge, etc.). On December 17, 2013, the Commission issued an order granting an increase to the tap fees and most other charges at 80 percent of what was requested. The security deposit (\$75) and returned check charge (\$35) were authorized at the amount requested by Allen Co. WD.

In our order, we included the following findings:

5. The magnitude of the proposed fee increase for non-recurring services in actual and percentage terms is unreasonable and unjust and will result in undue hardship on existing customers and applicants for water service, will discourage the extension of water service in Allen District's territory, and should be limited to 80 percent of the proposed increase.

6. Within one year of the date of this Order, either upon application of Allen District or upon the Commission's own motion, the Commission should review the reasonableness of Allen District's existing tap fees to determine if further revisions to those fees are necessary to ensure the financial integrity of the water district and a reasonable allocation of costs to all ratepayers.

7. Allen District should begin periodic reviews of the reasonableness of its fees and charges for non-recurring services and take appropriate actions to ensure that those fees reflect the cost of providing service, and that gradual adjustments to those fees and

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charges can be made without severely affecting existing or potential customers.¹

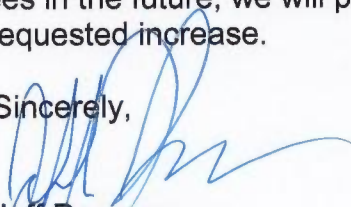
On February 21, 2014, in a letter sent in response to your concerns, we stated the following:

“The Commission further found that the district's fees should be reexamined within one year of the date of the Order. Accordingly, in approximately ten months, either in response to a filing by ACWD, or upon the Commission's own volition, the Commission will initiate an investigation into the current level of ACWD's tap fee. The tap fee will then be examined and adjusted as necessary to ensure its reasonableness.”

In keeping with the Commission's order and in response to a request by the Allen Co. WD, Commission staff directed that Allen Co. WD review the tap fees. On December 15, 2014, the Chairman of Allen Co. WD sent a letter stating that the Board would discuss the amount of tap fees at its next meeting and inform the Commission of the decision about whether or not the tap fees need to be increased. On January 14, 2015, the Chairman sent a letter stating that Allen Co. WD voted to postpone raising the tap fees and non-recurring charges for at least a year.

Having reviewed the supporting documentation submitted with the original application and the recent response of the Allen Co. WD, the Commission is satisfied that further revisions of the current tap fees are not necessary at this time. Given the fact that Allen Co. WD has indicated that it does not intend to increase the current tap fees at this time, the Commission considers this matter closed. However, if Allen Co. WD does request an increase in its tap fees in the future, we will perform another review to determine the reasonableness of any requested increase.

Sincerely,


Jeff Derouen
Executive Director

¹ Case No. 2013-00188, *Tariff Filing of Allen County Water District to Revise Its Nonrecurring Charges*, at 2 (Ky. PSC Dec. 17, 2013).