

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF RATTLESNAKE RIDGE WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO CONSTRUCT,) CASE NO.
FINANCE AND INCREASE RATES PURSUANT TO KRS) 2010-00458
278.023)

O R D E R

On November 24, 2010, Rattlesnake Ridge Water District ("RRWD") applied for a Certificate of Public Convenience and Necessity to construct a \$5,996,000 waterworks improvement project, approval of a plan of financing, and authority to adjust its rates. This project consists of the expansion of the water treatment plant from 1.608 million gallons per day ("MGD") to 2.408 MGD; construction of 500,000-gallon elevated water storage tank; and installation of a transmission line that will connect to the main lines at State Route 7 and feed the proposed 500,000-gallon elevated water storage tank.

The project will be funded through the issuance of \$1,336,000 of RRWD Waterworks Series A Revenue Bonds and \$1,146,000 of Series B Revenue Bonds to the U.S. Department of Agriculture's Rural Development ("RD"); of an RD grant of \$1,100,000; a Community Development Block Grant of \$1,000,000; an Appalachian Regional Commission grant of \$400,000; Infrastructure for Economic Development Fund ("IEDF") 2008 grants totaling \$1,000,000; and an Applicant contribution in the amount of \$14,000.

RRWD's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on November 24, 2010, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. RRWD is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. RRWD's proposed plan of financing is accepted.
3. RRWD is authorized to issue \$1,336,000 of RRWD Revenue Bonds, Series A, maturing over a 40-year period at an interest rate not exceeding 2.625 percent per annum.
4. RRWD is authorized to issue \$1,146,000 of RRWD Revenue Bonds, Series B, maturing over a 40-year period at an interest rate not exceeding 2.25 percent per annum.
5. The proceeds from the issuance of revenue bonds shall be used only for the purposes specified in RRWD's application.
6. Notwithstanding ordering paragraph 3, if surplus funds remain after the approved construction has been completed, RRWD may use such surplus to construct additional plant facility if RD approves of the use and the additional construction will not

result in a change in RRWD's rates for service. RRWD shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

7. RRWD shall monitor the adequacies of the expanded raw water supply after construction. If the level of service is inadequate or declining, or is outside the requirements of 807 KAR 5:066, Section 3 or Section 10(4), RRWD shall take immediate action to ensure that the level of service conforms to the regulations of the Commission.

8. RRWD shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

9. The rates set out in the Appendix are the rates approved for service rendered on and after the date of this Order.

10. Within 30 days of the date of this Order, RRWD shall file its revised tariffs with the Commission setting out the rates approved herein.

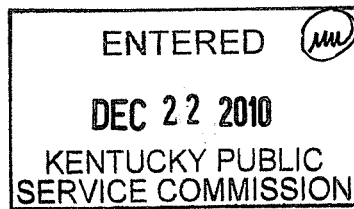
11. RRWD shall require the construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering ("the engineer") to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

12. RRWD shall file a copy of the "as-built" drawings and a certified statement from the engineer that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of substantial completion of the construction certified herein.

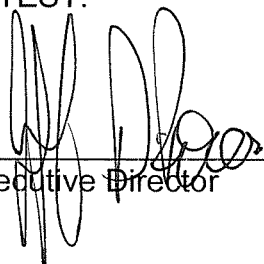
13. Any documents filed in the future pursuant to ordering paragraphs 6, 8, and 12 herein shall reference this case number and shall be retained in the utility's general correspondence file.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00458 DATED DEC 22 2010

The following rates and charges are prescribed for the customers in the area served by Rattlesnake Ridge Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

5/8" X 3/4" Meter

First	1,000 Gallons	\$ 14.98 Minimum Bill
Next	4,000 Gallons	9.18 Per 1,000 Gallons
Next	5,000 Gallons	7.90 Per 1,000 Gallons
Next	10,000 Gallons	6.78 Per 1,000 Gallons
Next	20,000 Gallons	4.75 Per 1,000 Gallons
Over	40,000 Gallons	3.74 Per 1,000 Gallons

3/4" Meter

First	5,000 Gallons	\$ 51.70 Minimum Bill
Next	5,000 Gallons	7.90 Per 1,000 Gallons
Next	10,000 Gallons	6.78 Per 1,000 Gallons
Next	20,000 Gallons	4.75 Per 1,000 Gallons
Over	40,000 Gallons	3.74 Per 1,000 Gallons

1" Meter

First	10,000 Gallons	\$ 91.20 Minimum Bill
Next	10,000 Gallons	6.78 Per 1,000 Gallons
Next	20,000 Gallons	4.75 Per 1,000 Gallons
Over	40,000 Gallons	3.74 Per 1,000 Gallons

1 1/2" Meter

First	30,000 Gallons	\$206.50 Minimum Bill
Next	10,000 Gallons	4.75 Per 1,000 Gallons
Over	40,000 Gallons	3.74 Per 1,000 Gallons

2" Meter

First	50,000 Gallons	\$291.40 Minimum Bill
Over	50,000 Gallons	3.74 Per 1,000 Gallons

3" Meter

First	100,000 Gallons	\$478.40	Minimum Bill
Over	100,000 Gallons	3.74	Per 1,000 Gallons

4" Meter

First	200,000 Gallons	\$852.40	Minimum Bill
Over	200,000 Gallons	3.74	Per 1,000 Gallons

6" Meter

First	500,000 Gallons	\$1974.40	Minimum Bill
Over	500,000 Gallons	3.74	Per 1,000 Gallons

Kentucky Department of Parks			
Grayson Lake Golf Course		\$3.59	Per 1,000 Gallons

Mr. Bill Gilbert
Rattlesnake Ridge Water District
P. O. Box 475
Grayson, KY 41143-0475

Honorable W. Randall Jones
Attorney at Law
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, KY 40202