

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HARDIN COUNTY WATER)
DISTRICT NO. 2, HARDIN AND LARUE COUNTIES,)
KENTUCKY, (1) FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY AUTHORIZING)
CONSTRUCTION OF MAJOR ADDITIONS AND) CASE NO.
IMPROVEMENTS TO ITS WATER DISTRIBUTION) 89-003
SYSTEM; (2) SEEKING APPROVAL OF REVISED)
WATER SERVICE RATES AND CHARGES; AND (3))
SEEKING APPROVAL OF THE ISSUANCE OF)
CERTAIN SECURITIES.)

O R D E R

On January 6, 1989, Hardin County Water District No. 2 ("Hardin Water") filed an application for a Certificate of Public Convenience and Necessity to construct a \$3,730,700 waterworks improvement project, for approval of its plan of financing for this project, and adjustments to its water service rates. Hardin Water's application was made pursuant to KRS 278.023, which requires the Commission to approve the application within 30 days of satisfactory completion of the minimum filing requirements.

On January 19, 1989, the Attorney General of the Commonwealth of Kentucky ("Attorney General"), by and through his Utility and Rate Intervention Division, filed a Motion for Full Intervention in this proceeding. The Motion was granted on January 24, 1989; however, due to the statutory time constraints of KRS 278.023, the

Attorney General was directed to file his comments or recommendations in this case no later than January 26, 1989. No comments were received.

This project will construct a 2 million gallon per day water treatment plant and related appurtenances. Project funding includes a \$2,665,000 loan from the Farmers Home Administration ("FmHA") and a \$1,065,800 loan from the Kentucky Infrastructure Authority ("KIA"). The FmHA loan will be for a 40-year period at an interest rate of 7 7/8 percent per annum. The KIA loan will be for a 20-year period at an interest rate of 8 1/4 percent per annum.

The chairman of Hardin Water certifies that reliable and adequate service can be maintained throughout the expanded system after completion of the proposed construction. The Commission reminds Hardin Water of its obligation to provide adequate and reliable service to all of its customers. The adequacy of the expanded water distribution system after construction should be monitored. If the level of service is inadequate or declining, or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 6(1), Hardin Water must take necessary actions to maintain the level of service in conformance with the regulations of the Commission.

On review of the record and being advised, the Commission finds:

1. Pursuant to KRS 278.023, the Commission has no discretionary authority to modify or reject any portion of this

application. The application must be approved if the minimum filing requirements have been satisfactorily completed.

2. The minimum filing requirements have been met in this case on January 6, 1989. Hardin Water's chairman has certified that the project has been designed to meet the construction and operating standards set out in the Commission's regulations.

3. Hardin Water should monitor the adequacy of the expanded water distribution system after construction. If the level of service is inadequate or declining, or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 6(1), Hardin Water should take immediate action to bring the system into compliance with the Commission's regulations.

4. Hardin Water should be granted a Certificate of Public Convenience and Necessity for the proposed construction project. The proposed construction financing plan with FmHA and KIA and the adjustment of water service rates should also be approved.

5. Hardin Water should require the engineer to furnish within 60 days of the date of substantial completion of this construction a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

6. The rates set out in Appendix A, attached and incorporated hereto, are the rates approved for Hardin Water for services rendered on and after the date of this Order.

7. Hardin Water should file its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

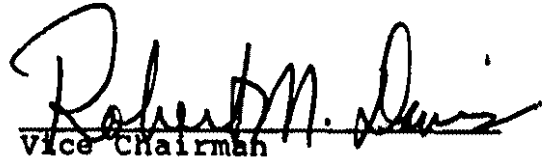
BE IT SO ORDERED.

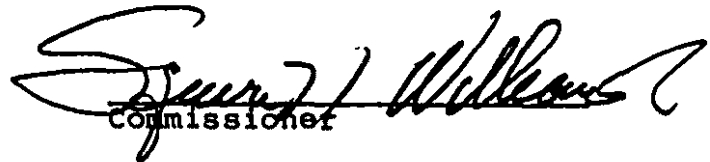
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 2nd day of February, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 89-003 DATED 2/2/89

The following rates and charges are prescribed for the customers in the area served by Hardin County Water District No 2. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Rates: Monthly

5/8 x 3/4 Inch Connection

First 2,000 gallons	\$ 12.50 Minimum Bill
Over 2,000 gallons	2.45 per 1,000 gallons

1 Inch Connection

First 5,000 gallons	\$ 19.85 Minimum Bill
Over 5,000 gallons	2.45 per 1,000 gallons

1 1/2 Inch Connection

First 10,000 gallons	\$ 32.10 Minimum Bill
Over 10,000 gallons	2.45 per 1,000 gallons

2 Inch Connection

First 20,000 gallons	\$ 56.60 Minimum Bill
Over 20,000 gallons	2.45 per 1,000 gallons

3 Inch Connection

First 30,000 gallons	\$ 81.10 Minimum Bill
Over 30,000 gallons	2.45 per 1,000 gallons

4 Inch Connection

First 50,000 gallons	\$130.10 Minimum Bill
Over 50,000 gallons	2.45 per 1,000 gallons

6 Inch Connection

First 100,000 gallons	\$252.60 Minimum Bill
Over 100,000 gallons	2.45 per 1,000 gallons