

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GRAYSON COUNTY WATER)
DISTRICT, GRAYSON COUNTY, KENTUCKY, (A))
FOR A CERTIFICATE OF CONVENIENCE AND)
NECESSITY, PURSUANT TO KRS 278.020, AND)
278.023, AUTHORIZING SAID DISTRICT TO)
CONSTRUCT IMPROVEMENTS AND EXTENSIONS TO)
ITS EXISTING WATER SYSTEM, WHICH)
IMPROVEMENTS AND EXTENSIONS WILL BE)
FINANCED IN WHOLE OR IN PART UNDER THE)
TERMS OF AN AGREEMENT BETWEEN THE WATER)
DISTRICT AND THE U. S. FARMERS HOME)
ADMINISTRATION; (B) FOR AUTHORITY TO)
ISSUE CERTAIN SECURITIES AS REQUIRED BY)
KRS 278.300; AND (C) FOR APPROVAL OF)
WATER RATES AND CHARGES)

CASE NO.
95-003

O R D E R

On January 3, 1995, Grayson County Water District ("Grayson Water") filed an application for a Certificate of Public Convenience and Necessity to construct a \$2,210,000 waterworks improvement project, for approval of its plan of financing for this project, and for adjustments to its water service rates. This project will provide service to 515 additional customers. Project funding includes a \$1,998,000 bond issue to be purchased pursuant to an agreement with the U. S. Department of Agriculture's Rural Economic and Community Development ("RECD"), formerly known as Farmers Home Administration, \$96,125 from Grayson Water reserve funds, and \$115,875 from applicants for service in the proposed project area. The bonds will be financed for a 40-year period from the date of the bond.

Grayson Water'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 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 January 3, 1995, 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. Grayson Water is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Grayson Water's proposed plan of financing with RECD is accepted.

3. Grayson Water is authorized to issue bonds not to exceed \$1,998,000 to be held or insured by RECD.

4. Grayson Water shall file 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 within 60 days of the substantial completion of the construction certificated herein.

5. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

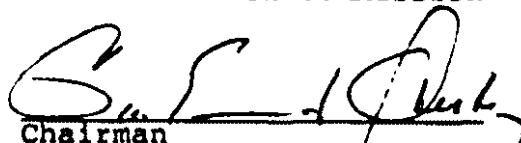
6. Grayson Water shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

7. Grayson Water shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 5(1), Grayson Water shall take immediate action to bring the system into compliance with Commission regulations.

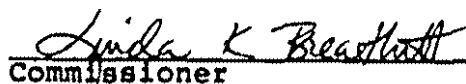
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 30th day of January, 1995.

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. 95-003 DATED January 30, 1995.

The following rates and charges are prescribed for the customers in the area served by Grayson County Water District. 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.

MONTHLY RATES:

5/8 x Inch Meter

First	1,500	gallons	\$	11.41	(Minimum Bill)
Next	8,500	gallons		5.00	per 1,000 gallons
Next	40,000	gallons		4.10	per 1,000 gallons
Next	100,000	gallons		3.40	per 1,000 gallons
Over	150,000	gallons		2.70	per 1,000 gallons

3/4 Inch Meter

First	3,000	gallons	\$	19.33	(Minimum Bill)
Next	7,000	gallons		5.00	per 1,000 gallons
Next	40,000	gallons		4.10	per 1,000 gallons
Next	100,000	gallons		3.40	per 1,000 gallons
Over	150,000	gallons		2.70	per 1,000 gallons

1 Inch Meter

First	5,000	gallons	\$	29.76	(Minimum Bill)
Next	5,000	gallons		5.00	per 1,000 gallons
Next	40,000	gallons		4.10	per 1,000 gallons
Next	100,000	gallons		3.40	per 1,000 gallons
Over	150,000	gallons		2.70	per 1,000 gallons

1-1/2 Inch Meter

First	10,000	gallons	\$	59.85	(Minimum Bill)
Next	40,000	gallons		4.10	per 1,000 gallons
Next	100,000	gallons		3.40	per 1,000 gallons
Over	150,000	gallons		2.70	per 1,000 gallons

2 Inch Meter

First	16,000	gallons	\$	85.73	(Minimum Bill)
Next	34,000	gallons		4.10	per 1,000 gallons
Next	100,000	gallons		3.40	per 1,000 gallons
Over	150,000	gallons		2.70	per 1,000 gallons

3 Inch Meter

First	30,000 gallons	\$	166.05 (Minimum Bill)
Next	20,000 gallons		4.10 per 1,000 gallons
Next	100,000 gallons		3.40 per 1,000 gallons
Over	150,000 gallons		2.70 per 1,000 gallons

4 Inch Meter

First	50,000 gallons	\$	253.14 (Minimum Bill)
Next	100,000 gallons		3.40 per 1,000 gallons
Over	150,000 gallons		2.70 per 1,000 gallons

6 Inch Meter

First	100,000 gallons	\$	468.98 (Minimum Bill)
Next	50,000 gallons		3.40 per 1,000 gallons
Over	150,000 gallons		2.70 per 1,000 gallons

8 Inch Meter

First	160,000 gallons	\$	708.42 (Minimum Bill)
Over	160,000 gallons		2.70 per 1,000 gallons

10 Inch Meter

First	550,000 gallons	\$1,786.89 (Minimum Bill)
Over	550,000 gallons	2.70 per 1,000 gallons