

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BUTLER COUNTY WATER)
SYSTEM, INC. BUTLER COUNTY, KENTUCKY, (1))
FOR A CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY AUTHORIZING SAID SYSTEM)
TO CONSTRUCT MAJOR IMPROVEMENTS AND)
ADDITIONS TO ITS EXISTING MUNICIPAL WATER)
DISTRIBUTION SYSTEM FINANCED BY RURAL)
ECONOMIC AND COMMUNITY DEVELOPMENT)
SERVICE (FORMALLY FARMERS HOME)
ADMINISTRATION PURSUANT TO THE PROVISIONS)
OF KRS 278.023 OF THE KENTUCKY REVISED)
STATUTES: AND (2) SEEKING APPROVAL OF THE)
ISSUANCE OF CERTAIN SECURITIES, AND (3))
APPROVAL OF WATER RATES)

CASE NO.
96-220

O R D E R

On May 20, 1996, Butler County Water System, Inc. ("Butler Water") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$1,595,400 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 115 additional customers. Project funding includes a \$950,000 bond issue to be purchased pursuant to an agreement with the U. S. Department of Agriculture's Rural Utilities Service ("RUS") formerly known as the Rural Economic and Community Development Service, a \$593,600 grant from RUS, and \$51,800 from applicants for service in the proposed project area.

Butler 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 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 June 4, 1996, 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. Butler Water is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Butler Water's proposed plan of financing with RUS is accepted.
3. Butler Water is authorized to issue bonds not to exceed \$950,000.
4. Butler 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. Butler Water shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.
7. Butler Water shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining

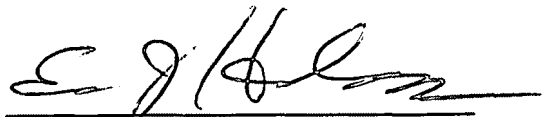
or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 5(1), Butler Water shall take immediate action to bring the system into compliance with Commission regulations.


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 20th day of June, 1996.

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. 96-220 DATED JUNE 20, 1996

The following rates and charges are prescribed for the customers in the area served by Butler County Water System, Inc. 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 3/4 Inch Meter

First	2,000	gallons	\$ 14.11	(Minimum Bill)
Next	4,000	gallons	4.55	per 1,000 gallons
Next	44,000	gallons	3.96	per 1,000 gallons
Next	50,000	gallons	3.37	per 1,000 gallons
Over	100,000	gallons	2.01	per 1,000 gallons

1 Inch Meter

First	5,000	gallons	\$ 30.05	(Minimum Bill)
Next	1,000	gallons	4.55	per 1,000 gallons
Next	44,000	gallons	3.96	per 1,000 gallons
Next	50,000	gallons	3.37	per 1,000 gallons
Over	100,000	gallons	2.01	per 1,000 gallons

1-1/2 Inch Meter

First	10,000	gallons	\$ 53.87	(Minimum Bill)
Next	40,000	gallons	3.96	per 1,000 gallons
Next	50,000	gallons	3.37	per 1,000 gallons
Over	100,000	gallons	2.01	per 1,000 gallons

2 Inch Meter

First	16,000	gallons	\$ 81.61	(Minimum Bill)
Next	34,000	gallons	3.96	per 1,000 gallons
Next	50,000	gallons	3.37	per 1,000 gallons
Over	100,000	gallons	2.01	per 1,000 gallons

3 Inch Meter

First	30,000	gallons	\$141.90	(Minimum Bill)
Next	20,000	gallons	3.96	per 1,000 gallons
Next	50,000	gallons	3.37	per 1,000 gallons
Over	100,000	gallons	2.01	per 1,000 gallons

4 Inch Meter

First	50,000	gallons	\$231.67	(Minimum Bill)
Next	50,000	gallons	3.37	per 1,000 gallons
Over	100,000	gallons	2.01	per 1,000 gallons

6 Inch Meter

First	100,000	gallons	\$426.21	(Minimum Bill)
Over	100,000	gallons	2.01	per 1,000 gallons