

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|---------------------------------------|---|------------|
| THE APPLICATION OF NORTH LOGAN WATER |) | |
| DISTRICT FOR A CERTIFICATE OF PUBLIC |) | |
| CONVENIENCE AND NECESSITY TO |) | CASE NO. |
| CONSTRUCT, FINANCE AND INCREASE RATES |) | 2002-00051 |
| PURSUANT TO KRS 278.023 |) | |

O R D E R

On February 19, 2002, North Logan Water District (North Logan District) submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for an \$800,000 wastewater improvement project. This project consists of the construction of a 250,000 gallon elevated water storage tank and the replacement and upgrade of approximately 8,324 linear feet of 6-inch water line with new 8-inch Class 200 PVC water line. Project funding consists of a \$353,000 grant from the U.S. Department of Agriculture s Rural Development (RD) and a \$447,000 loan from the Kentucky Infrastructure Authority that carries an annual interest rate of 1.8 percent.

North Logan District 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 the case on February 19, 2002, 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. North Logan District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. North Logan District's proposed plan of financing with RD is accepted.

3. North Logan District is authorized to issue bonds not to exceed \$447,000.

4. North Logan District 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. North Logan District shall file its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

7. North Logan District shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

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

9. Three years from the effective date of this Order, North Logan District shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

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 19th day of March, 2002.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2002-00051 DATED March 19, 2002

The following rates and charges are prescribed for the customers in the area served by North Logan 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.

Monthly Water Rates

| | | | |
|----------|----------------|----------|-------------------|
| First | 2,000 gallons | \$ 20.90 | Minimum bill |
| Next | 2,000 gallons | 9.45 | per 1,000 gallons |
| Next | 6,000 gallons | 5.64 | per 1,000 gallons |
| Next | 15,000 gallons | 5.29 | per 1,000 gallons |
| All Over | 25,000 gallons | 4.94 | per 1,000 gallons |