

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GREEN RIVER VALLEY)
WATER DISTRICT, HART, BARREN, LARUE,)
GREEN AND METCALFE COUNTIES, KENTUCKY,)
(1) FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY AUTHORIZING)
CONSTRUCTION OF MAJOR ADDITIONS AND)
IMPROVEMENTS TO ITS WATER DISTRIBUTION)
SYSTEM, (2) SEEKING APPROVAL OF REVISED)
WATER SERVICE RATES AND CHARGES AND (3))
SEEKING APPROVAL OF THE ISSUANCE OF)
CERTAIN SECURITIES)

CASE NO.
2004-00285

O R D E R

On July 30, 2004, Green River Valley Water District (“Green River Valley”) submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$7,756,000 waterworks improvement project. This project consists of the expansion of its existing water treatment plant from 4 million gallons per day (“MGD”) to 6 MGD. This project also includes approximately 25,000 lineal feet of 16-inch and 52,000 lineal feet of 10-inch water transmission mains to maintain and improve water service to existing and future water customers. Project funding consists of a \$5,000,000 loan from the U.S. Department of Agriculture’s Rural Development (“RD”), a \$1,150,000 grant from the RD, and a \$1,606,000 loan from the Kentucky Rural Water Finance Corporation (“KRWFC”).

Green River Valley’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 July 30, 2004, 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. Green River Valley is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Green River Valley's proposed plan of financing is accepted.

3. Green River Valley is authorized to issue revenue bonds to RD in an amount not to exceed \$5,000,000 at an interest rate not exceeding 4.50 percent per annum over a period not to exceed 40 years and to enter a loan agreement with KRWFC for an amount not to exceed \$1,606,000 at an interest rate not exceeding 5.65 percent per annum over a period not to exceed 20 years.

4. The proceeds from issuance of the revenue bonds and the loan agreement with KRWFC shall be used only for the purposes specified in Green River Valley's application.

5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Green River Valley 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 Green River Valley's rates for service. Green River Valley shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. Green River Valley 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.

7. 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.

8. Within 30 days of the date of this Order, Green River Valley shall file with the Commission its revised tariffs setting out the rates approved herein.

9. Any deviation from the proposed construction shall be under taken only with the prior approval of the Commission.

10. Green River Valley shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

11. Three years from the effective date of this Order, Green River Valley 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 23rd day of August, 2004.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above a horizontal line.

Executive Director

Case No. 2004-00285

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2004-00285 DATED August 23, 2004

The following rates and charges are prescribed for the customers in the area served by Green River Valley 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

5/8 x 3/4 Inch Meter

First	2,000	gallons	\$ 14.34	Minimum bill
Next	8,000	gallons	3.62	per 1,000 gallons
Next	10,000	gallons	3.02	per 1,000 gallons
Next	30,000	gallons	2.61	per 1,000 gallons
Next	50,000	gallons	2.35	per 1,000 gallons
All Over	100,000	gallons	2.28	per 1,000 gallons

1 Inch Meter

First	5,000	gallons	\$ 24.12	Minimum bill
Next	5,000	gallons	3.62	per 1,000 gallons
Next	10,000	gallons	3.02	per 1,000 gallons
Next	30,000	gallons	2.61	per 1,000 gallons
Next	50,000	gallons	2.35	per 1,000 gallons
All Over	100,000	gallons	2.28	per 1,000 gallons

1 1/2 Inch Meter

First	10,000	gallons	\$ 42.88	Minimum bill
Next	10,000	gallons	3.02	per 1,000 gallons
Next	30,000	gallons	2.61	per 1,000 gallons
Next	50,000	gallons	2.35	per 1,000 gallons
All Over	100,000	gallons	2.28	per 1,000 gallons

2 Inch Meter

First	16,000	gallons	\$ 64.32	Minimum bill
Next	4,000	gallons	3.02	per 1,000 gallons
Next	30,000	gallons	2.61	per 1,000 gallons
Next	50,000	gallons	2.35	per 1,000 gallons
All Over	100,000	gallons	2.28	per 1,000 gallons

Wholesale Rate			\$1.58	per 1,000 gallons
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