

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BARKLEY LAKE WATER)	
DISTRICT FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO)	CASE NO.
CONSTRUCT, FINANCE AND INCREASE RATES)	2005-00087
PURSUANT TO KRS 278.023)	

O R D E R

On February 25, 2005, Barkley Lake Water District ("Barkley Water") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$2,055,300 waterworks improvement project. This project consists of the installation of approximately 25 miles of 12-inch through 3-inch water transmission mains and related appurtenances, an upgrade to an existing booster pumping station, a new booster pump station, and a 300,000-gallon elevated water storage tank to provide service to approximately 52 new customers. Project funding consists of a \$1,185,000 loan from the U.S. Department of Agriculture's Rural Development ("RD"), a \$790,000 grant from the RD, and an \$80,300 contribution from the applicant.

Barkley 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 the case on February 25, 2005, 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. Barkley Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Barkley Water's proposed plan of financing with RD is accepted.

3. Barkley Water is authorized to enter into an agreement with RD to borrow \$1,185,000 at an interest rate not to exceed 4.375 percent per annum.

4. The proceeds from the loan agreement with RD shall be used only for the purposes specified in Barkley Water's application.

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

6. Barkley 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.

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, Barkley Water shall file with the Commission its revised tariffs setting out the rates approved herein.

9. Barkley Water shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

10. Three years from the effective date of this Order, Barkley Water 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 28th day of March, 2005.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2005-00087 DATED March 28, 2005

The following rates and charges are prescribed for the customers in the area served by Barkley Lake 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.

5/8" Inch Meter

	<u>Rate</u>
First 2,000	\$17.22 Minimum Bill
Next 98,000	5.62 per 1,000 gallons
Next 400,000	4.37 per 1,000 gallons
Over 500,000	3.12 per 1,000 gallons

1" Inch Meter

First 4,000	\$31.27 Minimum Bill
Next 96,000	5.62 per 1,000 gallons
Next 400,000	4.37 per 1,000 gallons
Over 500,000	3.12 per 1,000 gallons

1 1/2" Inch Meter

First 8,000	\$58.49 Minimum Bill
Next 92,000	5.62 per 1,000 gallons
Next 400,000	4.37 per 1,000 gallons
Over 500,000	3.12 per 1,000 gallons

2" Inch Meter

First 15,000	\$107.19 Minimum Bill
Next 85,000	5.62 per 1,000 gallons
Next 400,000	4.37 per 1,000 gallons
Over 500,000	3.12 per 1,000 gallons

4" Inch Meter

First 25,000	\$191.70 Minimum Bill
Next 75,000	5.62 per 1,000 gallons
Next 400,000	4.37 per 1,000 gallons
Over 500,000	3.12 per 1,000 gallons