

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF HARDIN COUNTY WATER)	
DISTRICT NO. 2, HARDIN AND LARUE COUNTIES,)	
KENTUCKY (1) SEEKING A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY)	
AUTHORIZING CONSTRUCTION OF MAJOR)	CASE NO.
ADDITIONS AND IMPROVEMENTS TO ITS WATER)	2007-00487
SYSTEM; (2) SEEKING APPROVAL OF REVISED)	
WATER SERVICE RATES AND CHARGES; AND (3))	
SEEKING APPROVAL OF THE ISSUANCE OF)	
CERTAIN SECURITIES, PURSUANT TO THE)	
PROVISIONS OF KRS 278.023 AND 807 KAR 5:069)	

O R D E R

On November 21, 2007, Hardin County Water District No. 2 (“Hardin No. 2”) submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$4,799,000 waterworks improvement project. This project consists of the construction and installation of approximately 35 miles of six-inch and one mile of four-inch water mains and related appurtenances to serve approximately 115 new customers. Project funding consists of a \$2,480,000 loan from the U.S. Department of Agriculture’s Rural Development (“RD”) and state grants in the amount of \$2,250,000

Hardin No. 2’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 November 21, 2007, 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. Hardin No. 2 is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Hardin No. 2's proposed plan of financing with RD is accepted.

3. Hardin No. 2 is authorized to issue its Series 2008 Bonds from the RD loan in the amount of \$2,480,000 at an interest rate not exceeding 4.125 percent per annum, maturing over 40 years.

4. The proceeds from the loan agreement with RD shall be used only for the purposes specified in Hardin No. 2's application.

5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Hardin No. 2 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 Hardin No. 2's rates for service. Hardin No. 2 shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. Hardin No. 2 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 certified herein.

7. Hardin No. 2 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 is outside the requirements of 807 KAR 5:066, Section

5(1), Hardin No. 2 shall take immediate action to ensure that the level of service conforms to the regulations of the Commission.

8. Hardin No. 2 shall notify the Commission one week prior to the actual start of construction and at the fifty percent completion point.

9. 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.

10. Within 30 days of the date of this Order, Hardin No. 2 shall file with the Commission its revised tariffs setting out the rates approved herein.

11. Three years from the date of this Order, Hardin No. 2 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 18th day of December, 2007.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00487 DATED December 18, 2007

The following rates and charges are prescribed for the customers in the area served by Hardin County Water District No. 2. 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	\$ 18.50	Minimum Bill
Next	498,000	Gallons	5.15	per 1,000 Gallons
All Over	500,000	Gallons	2.10	per 1,000 Gallons

1-Inch Meter

First	5,000	Gallons	\$ 33.95	Minimum Bill
Next	495,000	Gallons	5.15	per 1,000 Gallons
All Over	500,000	Gallons	2.10	per 1,000 Gallons

1 1/2-Inch Meter

First	10,000	Gallons	\$ 59.70	Minimum Bill
Next	490,000	Gallons	5.15	per 1,000 Gallons
All Over	500,000	Gallons	2.10	per 1,000 Gallons

2-Inch Meter

First	20,000	Gallons	\$ 111.20	Minimum Bill
Next	480,000	Gallons	5.15	per 1,000 Gallons
All Over	500,000	Gallons	2.10	per 1,000 Gallons

3-Inch Meter

First	30,000	Gallons	\$ 162.70	Minimum Bill
Next	470,000	Gallons	5.15	per 1,000 Gallons
All Over	500,000	Gallons	2.10	per 1,000 Gallons

4-Inch Meter

First	50,000	Gallons	\$ 265.70	Minimum Bill
Next	450,000	Gallons	5.15	per 1,000 Gallons
All Over	500,000	Gallons	2.10	per 1,000 Gallons

			<u>6-Inch Meter</u>	
First	100,000	Gallons	\$ 523.20	Minimum Bill
Next	400,000	Gallons	5.15	per 1,000 Gallons
All Over	500,000	Gallons	2.10	per 1,000 Gallons

			<u>8-Inch Meter</u>	
First	150,000	Gallons	\$ 780.70	Minimum Bill
Next	350,000	Gallons	5.15	per 1,000 Gallons
All Over	500,000	Gallons	2.10	per 1,000 Gallons

			<u>10-Inch Meter</u>	
First	250,000	Gallons	\$ 1,295.70	Minimum Bill
Next	250,000	Gallons	5.15	per 1,000 Gallons
All Over	500,000	Gallons	2.10	per 1,000 Gallons

			<u>12-Inch Meter</u>	
First	400,000	Gallons	\$ 2,068.20	Minimum Bill
Next	100,000	Gallons	5.15	per 1,000 Gallons
All Over	500,000	Gallons	2.10	per 1,000 Gallons

			<u>Wholesale Rates</u>	
City of Elizabethtown			\$ 1.77	per 1,000 Gallons