

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BRONSTON WATER)	
ASSOCIATION, INC., OF WAYNE AND PULASKI)	
COUNTIES, KENTUCKY, FOR A CERTIFICATE)	CASE NO.
OF PUBLIC CONVENIENCE AND NECESSITY)	2007-00545
TO CONSTRUCT, FINANCE, AND INCREASE)	
RATES PURSUANT TO THE PROVISIONS OF)	
KRS 278.023)	

O R D E R

On December 19, 2007, Bronston Water Association, Inc. (“Bronston”) submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$1,430,000 waterworks construction project. This project includes the replacement of approximately 21,900 linear feet of six-inch water line along Kentucky Highway 90; installation of approximately 5,600 linear feet of eight-inch water line along Kentucky Highway 90; replacement of approximately 3,200 linear feet of six-inch water line with eight-inch water line along Kentucky Highway 790 between Jacksboro Road and Quinton Church; and replacement of approximately 13,500 linear feet of four-inch water line with six-inch water line along Kentucky Highway 790 between Aderholt Road and Kidder.

Bronston proposes to finance the construction of the project through a United States Department of Agriculture, Rural Development (“RD”) grant in the amount of \$580,000 and the issuance of a 40-year promissory note in the principal amount of \$850,000 to RD.

Bronston'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 December 19, 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. Bronston is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Bronston's proposed plan of financing is accepted.
3. If surplus funds remain after the approved construction has been completed, Bronston 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 Bronston's rates for service. Bronston shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.
4. Bronston 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.
5. Bronston 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), Bronston shall take immediate action to ensure that the level of service conforms to the regulations of the Commission.

6. Bronston shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

7. Within 30 days of the date of this Order, Bronston shall file with the Commission its revised tariffs setting out the rates approved herein.

8. Bronston is authorized to issue to RD a promissory note in the amount of \$850,00 payable over 40 years at an interest rate not to exceed 4.25 percent per annum.

9. Except as permitted in Ordering Paragraph 3 of this Order, Bronston shall use the proceeds from the issuance of the proposed promissory note only for the purposes set forth in its application.

10. 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.

11. Three years from the effective date of this Order, Bronston 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 11th day of January, 2008.

By the Commission

ATTEST:


Robert A. Amato
Deputy Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2007-00545 DATED JANUARY 11, 2008

The following rates and charges are prescribed for the customers in the area served by Bronston Water Association, Inc. 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-inch Meter

First	1,500	Gallons	\$ 13.75	Minimum Bill
All Over	1,500	Gallons	5.72	per 1,000 Gallons

1-inch Meter

First	5,000	Gallons	\$ 33.77	Minimum Bill
All Over	5,000	Gallons	5.72	per 1,000 Gallons

2-inch Meter

First	20,000	Gallons	\$ 93.30	Minimum Bill
All Over	20,000	Gallons	5.72	per 1,000 Gallons

4-inch Meter

First	50,000	Gallons	\$ 220.80	Minimum Bill
All Over	50,000	Gallons	5.72	per 1,000 Gallons