

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE NORTH MARSHALL)	
WATER DISTRICT FOR APPROVAL OF)	
CONSTRUCTION AND ISSUANCE OF A)	
CERTIFICATE OF CONVENIENCE AND)	CASE NO.
NECESSITY FOR THE PURCHASE AND)	2008-00551
INSTALLATION OF AUTOMATED METER)	
READING EQUIPMENT)	

O R D E R

North Marshall Water District ("NMWD") has applied for a Certificate of Public Convenience and Necessity to install an Automated Meter Reading ("AMR") system at an approximate total project cost of \$840,000 and for authority to execute a 10-year loan agreement with the First Kentucky Bank of Benton, Kentucky ("FKB") in the principal amount of \$800,000. Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. NMWD proposes to install an AMR system to its entire service area allowing the continuance of adequate and dependable service to its customers.
2. Approximately 5,200 residential 5/8 x 3/4 inch meters will be replaced with Master Meter, Inc. Radio Read Water Meters with transmitters and antennas built in to support a Drive-by AMR system consisting of Drive-by radio reading equipment and software.
3. The Drive-by AMR systems have numerous advantages over the existing methods upon which NMWD currently relies to read meters on a bi-monthly basis. In addition to making meter reading faster and safer, it will reduce the number of employees

whose duties are devoted to meter reading; alert the utility to tampering or theft of service; and enhances the capability to perform consumption analysis, peaking trends, improved distribution modeling, and the ability to identify the loss of non-revenue water.

4. NMWD's Board of Commissioners approved the purchase of the Master Meter Radio Read Meter System on June 19, 2008.

5. Once fully implemented, the drive-by AMR system is projected to eliminate over \$57,000 in annual costs for meter reading.

6. NMWD proposes to finance \$800,000 of the proposed project through a 10-year loan agreement with the FKB at a fixed interest rate of 4.34 percent per annum with the remainder being funded through internally-generated funds.

7. Approval from the Division of Water of the Environmental and Public Protection Cabinet Department for Environmental Protection is not required for this type of construction.

IT IS THEREFORE ORDERED that:

1. NMWD is granted a Certificate of Public Convenience and Necessity to proceed with the installation of the AMR system as set forth in its application.

2. NMWD is authorized to borrow an amount not to exceed \$800,000 from FKB maturing over a 10-year period with an interest rate of 4.34 percent per annum.

3. The proceeds from the FKB loan shall be used only for the lawful purposes specified in NMWD's application.

4. NMWD shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

5. Any deviation from the construction approved shall be undertaken only with

the prior approval of the Commission.

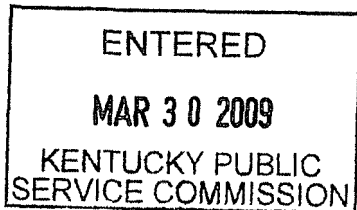
6. NMWD shall furnish documentation of the total costs of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

7. Upon installation of the proposed AMR system, NMWD shall physically inspect or examine all meter pits and installations at least once annually.

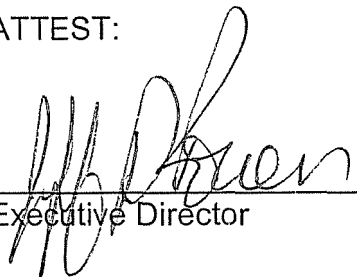
8. Within one year after the AMR meters are installed, NMWD shall file with the Commission a written report on the status of the installation of the proposed AMR system and an analysis on the potential cost and benefits of monthly billing in light of the installed drive-by AMR meters.

Nothing contained herein shall be deemed a warranty or a finding of value of the securities or the financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

By the Commission



ATTEST:



Executive Director

Jeffery G Edwards
Marshall County Attorney
80 Judicial Drive, Unit 130
Benton, KY 42025