

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|--|---|------------|
| THE APPLICATION OF BATH COUNTY WATER |) | |
| DISTRICT OF BATH, MONTGOMERY AND |) | |
| MENIFEE COUNTIES, KENTUCKY FOR A |) | CASE NO. |
| CERTIFICATE OF PUBLIC CONVENIENCE AND |) | 2009-00331 |
| NECESSITY TO CONSTRUCT, FINANCE AND |) | |
| INCREASE RATES PURSUANT TO KRS 278.023 |) | |

O R D E R

On August 10, 2009, Bath County Water District (“Bath County”) submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$621,000 waterworks construction project. This project includes the renovation of an existing 100,000-gallon elevated water storage tank and the pump station serving this tank, and the construction and installation of approximately 10,600 linear feet of water line and appurtenances in order to provide potable water to six new customers.

Bath County proposes to finance the construction of the project through the issuance of \$259,000 of its Waterworks Revenue Bonds, a United States Department of Agriculture Rural Development (“RD”) grant in the amount of \$112,000, and a Kentucky Infrastructure Authority Fund B grant in the amount of \$250,000.

Bath County’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 August 10, 2009, 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. Bath County is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Bath County's proposed plan of financing is accepted.

3. If surplus funds remain after the approved construction has been completed, Bath County 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 Bath County's rates for service. Bath County shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

4. Bath County 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. Bath County shall monitor the adequacy 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), Bath County shall take immediate action to ensure that the level of service conforms to the regulations of the Commission.

6. Bath County 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, Bath County shall file with the Commission its revised tariff setting out the rates approved herein.

8. Bath County is authorized to issue RD bonds in the amount of \$259,000, payable over 40 years at an interest rate not to exceed 2.75 percent per annum.

9. Except as permitted in Ordering Paragraph 3 of this Order, Bath County 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 the Appendix 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, Bath County 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.

By the Commission

ENTERED
SEP - 2 2009
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00331 DATED **SEP - 2 2009**

The following rates and charges are prescribed for the customers in the area served by Bath County 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" Meter:

| | | | | |
|----------|--------|---------|----------|-------------------|
| First | 2,000 | Gallons | \$ 13.75 | Minimum Bill |
| Next | 3,000 | Gallons | 5.20 | Per 1,000 Gallons |
| Next | 5,000 | Gallons | 3.90 | Per 1,000 Gallons |
| Next | 10,000 | Gallons | 3.30 | Per 1,000 Gallons |
| Next | 30,000 | Gallons | 3.10 | Per 1,000 Gallons |
| All Over | 50,000 | Gallons | 3.00 | Per 1,000 Gallons |

1" Meter:

| | | | | |
|----------|--------|---------|----------|-------------------|
| First | 10,000 | Gallons | \$ 48.85 | Minimum Bill |
| Next | 10,000 | Gallons | 3.30 | Per 1,000 Gallons |
| Next | 30,000 | Gallons | 3.10 | Per 1,000 Gallons |
| All Over | 50,000 | Gallons | 3.00 | Per 1,000 Gallons |

2" Meter:

| | | | | |
|----------|--------|---------|-----------|-------------------|
| First | 50,000 | Gallons | \$ 174.85 | Minimum bill |
| All Over | 50,000 | Gallons | 3.00 | Per 1,000 Gallons |

Wholesale Rates

| | | |
|-------------------------------|-------------|-------------------|
| Sharpsburg Water District | 2.73 | Per 1,000 Gallons |
| City of Frenchburg | 2.32 | Per 1,000 Gallons |
| City of Owingsville | | |
| Monthly Debt Service Coverage | \$ 4,733.91 | Minimum Bill |
| All Usage | 1.89 | Per 1,000 Gallons |
| Bulk Sales | 7.34 | Per 1,000 Gallons |

Honorable W. Randall Jones
Attorney at Law
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, KY 40202