

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MARION COUNTY WATER)	
DISTRICT, MARION, NELSON AND)	
WASHINGTON COUNTIES, KENTUCKY, (1))	
FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY)	
AUTHORIZING CONSTRUCTION OF MAJOR)	CASE NO.
IMPROVEMENTS AND ADDITIONS TO ITS)	2009-00385
EXISTING WATER DISTRIBUTION SYSTEM,)	
(2) SEEKING APPROVAL OF REVISED WATER)	
SERVICE RATES AND CHARGES, AND (3))	
SEEKING APPROVAL OF THE ISSUANCE OF)	
CERTAIN SECURITIES)	

O R D E R

On September 21, 2009, Marion County Water District ("Marion District") applied for a Certificate of Public Convenience and Necessity to construct, authorization to issue revenue bonds, and approval to adjust its water service rates for a \$1,433,000 waterworks improvement project. This project includes the construction of 40,000 linear feet of 12-inch water transmission main and appurtenances along Kentucky Highway 49. Marion District proposes to finance the construction of the project through the issuance of \$1,433,000 of Water System Revenue Bonds. Marion District has obtained a commitment from Rural Development ("RD"), a division of the U. S. Department of Agriculture, to purchase \$1,433,000 of its bonds maturing over a 40-year period at an interest rate not exceeding 3.625 percent per annum.

Marion District'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 September 21, 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. Marion District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Marion District's proposed plan of financing is accepted.
3. Marion District is authorized to enter into an agreement with RD to borrow \$1,433,000 at an interest rate not to exceed 3.625 percent per annum.
4. The proceeds from the loan agreement with RD shall be used only for the purposes specified in Marion District's application.
5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Marion District may use such surplus to construct an additional plant facility if RD approves of the use and the additional construction will not result in a change in Marion District's rates for service. Marion District shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.
6. Marion District 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.

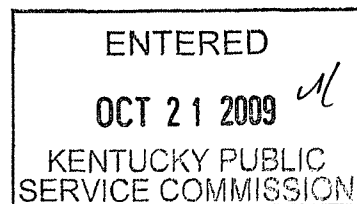
8. Within 30 days of the date of this Order, Marion District shall file with the Commission its revised tariffs setting out the rates approved herein.

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

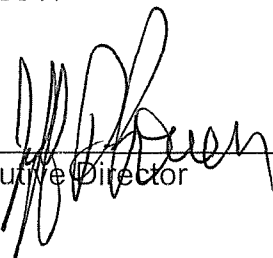
10. Three years from the effective date of this Order, Marion District shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

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



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00385 DATED **OCT 21 2009**

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

Customer Charge

5/8-Inch X 3/4-Inch Meter	\$7.23	Minimum Bill
1-Inch Meter	\$15.70	Minimum Bill
2-Inch Meter	\$24.90	Minimum Bill
3-Inch Meter	\$39.49	Minimum Bill
4-Inch Meter	\$62.63	Minimum Bill
6-Inch Meter	\$157.52	Minimum Bill

Water Charge

All Usage	\$4.91	Per 1,000 Gallons
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