

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WESTERN MASON COUNTY)	
WATER DISTRICT FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO CONSTRUCT)	CASE NO.
WATER DISTRIBUTION SYSTEM IMPROVEMENTS,)	2009-00477
APPROVAL OF THE PROPOSED PLAN OF)	
FINANCING AND AN INCREASE IN RATES AND)	
CHARGES)	

O R D E R

On December 7, 2009, Western Mason County Water District ("Western Mason") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$1,500,000 waterworks improvement project. This project consists of the construction and installation of approximately 11 miles of 4-inch, 6-inch, and 8-inch water mains, Automated Meter Reading System, and related appurtenances to improve water service to its existing customers in the Germantown area of Mason County.

Project funding consists of a \$700,000 loan from the U.S. Department of Agriculture's Rural Development ("RD"), a \$300,000 grant from RD, and a Kentucky State Revolving Fund Stimulus loan in the amount of \$500,000.

Western Mason'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 7, 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. Western Mason is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Western Mason's proposed plan of financing with RD is accepted.

3. Western Mason is authorized to issue its Waterworks Revenue Bonds from the RD loan in the amount of \$700,000 at an interest rate not exceeding 3.5 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 Western Mason's application.

5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Western Mason 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 Western Mason's rates for service. Western Mason shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

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

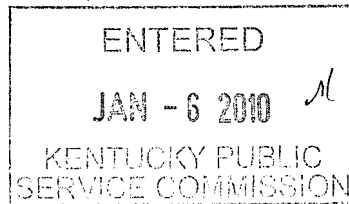
8. The rates set out in the Appendix attached hereto and incorporated herein are the rates approved for service rendered on and after the date of this Order.

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

10. Three years from the date of this Order, Western Mason 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

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00477 DATED JAN - 6 2010

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

First	2,000 Gallons	\$27.50	Minimum Bill
Next	8,000 Gallons	4.00	Per 1,000 Gallons
Over	10,000 Gallons	3.50	Per 1,000 Gallons
Bulk Sales		4.20	Per 1,000 Gallons

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