

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WESTERN ROCKCASTLE)	
WATER ASSOCIATION, INC. OF ROCKCASTLE,)	
LINCOLN, GARRARD AND PULASKI COUNTIES,)	
KENTUCKY FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY TO)	2009-00497
CONSTRUCT, FINANCE AND INCREASE RATES)	
PURSUANT TO THE PROVISIONS OF KRS)	
278.023)	

O R D E R

On December 14, 2009, Western Rockcastle Water Association Inc. (“Western Rockcastle Association”) applied for a Certificate of Public Convenience and Necessity to construct a \$940,000 waterworks improvement project and adjustment of its water service rates. This project consists of: (1) the replacement of the 20,000-gallon Scaffold Cane ground storage tank with a 50,000-gallon ground storage tank; (2) the replacement of the 50,000-gallon Brindle Ridge storage tank with a 250,000-gallon ground storage tank; and (3) the replacement of approximately 24,000 linear feet of 4-inch water line and 15,000 linear feet of 3-inch water line; and (4) the installation of a new hydro-pneumatic booster pump station.

The applicant proposes to finance the construction of the project through issuance of a \$575,000 loan from the U. S. Department of Agriculture’s Rural Development (“RD”) and a grant from RD in the amount of \$365,000. The applicant has a commitment from RD to purchase a \$575,000 note maturing over a 40-year period at an interest rate not exceeding 4.375 percent per annum.

Western Rockcastle Association'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 December 14, 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 Rockcastle Association is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Western Rockcastle Association's proposed plan of financing is accepted.
3. Western Rockcastle Association is authorized to enter into an agreement with RD to borrow \$575,000 at an interest rate not to exceed 4.375 percent per annum.
4. The proceeds from the loan agreement with RD shall be used only for the purposes specified in Western Rockcastle Association's application.
5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Western Rockcastle Association 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 Western Rockcastle Association's rates for service. Western Rockcastle Association shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. Western Rockcastle Association 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 the Appendix attached hereto and incorporated herein are the rates approved for service rendered on and after the date of this Order.

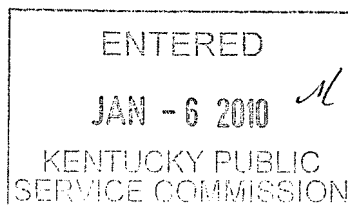
8. Within 30 days of the date of this Order, Western Rockcastle Association shall file its revised tariffs with the Commission setting out the rates approved herein.

9. Western Rockcastle Association 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, Western Rockcastle Association 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. 2009-00497 DATED JAN - 6 2010

The following rates and charges are prescribed for the customers in the area served by Western Rockcastle Water Association. 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	\$ 26.00	Minimum Bill
Next	3,000	Gallons	7.15	Per 1,000 Gallons
Next	5,000	Gallons	6.51	Per 1,000 Gallons
Next	15,000	Gallons	5.86	Per 1,000 Gallons
All Over	25,000	Gallons	5.25	Per 1,000 Gallons

1" Meter

First	5,000	Gallons	\$ 41.40	Minimum Bill
Next	5,000	Gallons	6.51	Per 1,000 Gallons
Next	15,000	Gallons	5.86	Per 1,000 Gallons
All Over	25,000	Gallons	5.25	Per 1,000 Gallons

1 1/2" Meter

First	10,000	Gallons	\$ 73.95	Minimum Bill
Next	15,000	Gallons	5.86	Per 1,000 Gallons
All Over	25,000	Gallons	5.25	Per 1,000 Gallons

2" Meter

First	25,000	Gallons	\$ 161.85	Minimum Bill
All Over	25,000	Gallons	5.25	Per 1,000 Gallons

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