

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LAUREL COUNTY WATER)	
DISTRICT NO. 2 OF LAUREL COUNTY, KENTUCKY)	
FOR A CERTIFICATE OF PUBLIC CONVENIENCE)	CASE NO.
AND NECESSITY TO CONSTRUCT, FINANCE AND)	2010-00126
INCREASE RATES PURSUANT TO KRS 278.023)	

O R D E R

On March 23, 2010, Laurel County Water District No. 2 ("LCWD") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$10,885,000 waterworks improvement project. This project consists of expansion of the existing water treatment plant from 1.44 million gallons per day ("MGD") to 2.88 MGD, construction and installation of approximately eight miles of raw water main, construction of a new raw water intake facility, and related appurtenances. Project funding consists of the issuance of \$8,385,000 of Waterworks Revenue Bonds to be purchased by the U.S. Department of Agriculture's Rural Development ("RD"), a \$1,500,000 grant from RD, and a \$1,000,000 grant from the General Assembly.

LCWD'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 March 23, 2010, 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. LCWD is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

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

3. LCWD is authorized to issue its Waterworks Revenue Bonds in the amount of \$8,385,000 at an interest rate not exceeding 4.5 percent per annum for the \$6,065,000 Series A Bonds and 3.25 percent per annum for the \$2,320,000 Series B Bonds with both maturing over a 40-year period.

4. The proceeds from the proposed bond issuance shall be used only for the purposes specified in LCWD's application.

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

6. LCWD shall file a copy of the "as-built" drawings and a certified statement from the engineer that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of substantial completion of the construction certified herein.

7. LCWD shall monitor the adequacies 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), LCWD shall take immediate action to ensure that the level of service conforms to the regulations of the Commission.

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

9. The rates set out in the Appendix are the rates approved for service rendered on and after the date of this Order.

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

11. LCWD shall require the construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

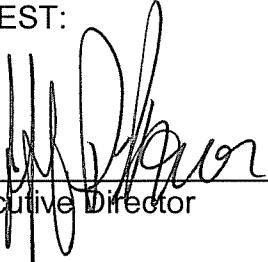
12. Any documents filed in the future pursuant to ordering paragraphs 5, 6, 8, and 10 herein shall reference this case number and shall be retained in the utility's general correspondence file.

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 *GW*
APR 20 2010
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00126 DATED **APR 20 2010**

The following rates and charges are prescribed for the customers in the area served by Laurel County Water District No. 2. These rates shall replace the rates of the fifth revision of tariff sheet number 22. All other rates and charges shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

<u>5/8 Inch Meter</u>		<u>Rate</u>
First	1,000 Gallons	\$ 9.95 Minimum Bill
Next	99,000 Gallons	4.18 Per 1,000 Gallons
Over	100,000 Gallons	3.62 Per 1,000 Gallons
<u>1 Inch Meter</u>		
First	5,000 Gallons	\$ 26.67 Minimum Bill
Next	95,000 Gallons	4.18 Per 1,000 Gallons
Over	100,000 Gallons	3.62 Per 1,000 Gallons
<u>1 1/2 Inch Meter</u>		
First	10,000 Gallons	\$ 47.57 Minimum Bill
Next	90,000 Gallons	4.18 Per 1,000 Gallons
Over	100,000 Gallons	3.62 Per 1,000 Gallons
<u>2 Inch Meter</u>		
First	20,000 Gallons	\$ 89.37 Minimum Bill
Next	80,000 Gallons	4.18 Per 1,000 Gallons
Over	100,000 Gallons	3.62 Per 1,000 Gallons
<u>3 Inch Meter</u>		
First	30,000 Gallons	\$131.17 Minimum Bill
Next	70,000 Gallons	4.18 Per 1,000 Gallons
Over	100,000 Gallons	3.62 Per 1,000 Gallons
<u>4 Inch Meter</u>		
First	50,000 Gallons	\$214.77 Minimum Bill
Next	50,000 Gallons	4.18 Per 1,000 Gallons
Over	100,000 Gallons	3.62 Per 1,000 Gallons

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