

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BARKLEY LAKE WATER )  
DISTRICT FOR A CERTIFICATE OF PUBLIC )  
CONVENIENCE AND NECESSITY TO ) CASE NO. 2010-00301  
CONSTRUCT, FINANCE AND INCREASE RATES )  
PURSUANT TO KRS 278.023 )

ORDER

On July 19, 2010, Barkley Lake Water District ("Barkley District") applied for a Certificate of Public Convenience and Necessity to construct certain improvements to its existing facilities, authorization for its financing arrangements for the proposed construction, and approval of an adjustment of general service rates.

The proposed construction involves the expansion of the capacity of Barkley District's water treatment plant from two million to four million gallons per day, the installation of 20,500 linear feet of 16-inch water main and associated appurtenances, and the construction of a 1,000,000 gallon elevated water storage tank.

Barkley District intends to finance its proposed construction from the following sources: (1) the issuance of \$4,002,000 of Waterworks Revenue Bonds, Series 2010; (2) the issuance of \$1,437,000 of Waterworks Revenue Bonds, Series 2010A; (3) the issuance of \$400,000 of Waterworks Revenue Bonds, Series 2010B; (4) grants totaling \$1,354,700 from Rural Development ("RD"), an agency of the United States Department of Agriculture; (5) a grant of \$240,600 from the United States Environmental Protection Agency; (6) grants totaling \$1,787,685 from the Commonwealth of Kentucky and its

agencies; and (5) a loan of \$1,365,000 from Kentucky Rural Water Finance Corporation. RD has committed to purchasing all revenue bonds that Barkley District proposes to issue.

The Commission has already addressed certain aspects of the requested relief. In Case No. 2008-00097,<sup>1</sup> we granted Barkley District a Certificate of Public Convenience and Necessity to construct the water storage tank that is referenced in the current application. In the same proceeding, we also authorized Barkley District's proposed loan from Kentucky Rural Water Finance Corporation. Given these actions, we find those portions of the application related to this facility and loan are moot and need not be addressed.

Barkley District's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the Department of Agriculture 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 July 19, 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. Except for those improvements previously approved in Case No. 2008-00097, Barkley District is granted a Certificate of Public Convenience and Necessity for the proposed improvements.

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<sup>1</sup> Case No. 2008-00097, *Application of the Barkley Lake Water District for a Certificate of Public Convenience and Necessity to Construct and Finance a Water Improvements Project Pursuant to KRS 278.020 and 278.300* (Ky. PSC May 30, 2008).

2. Barkley District's proposed plan of financing is accepted.
3. Barkley District is authorized to issue \$4,002,000 of Waterworks Revenue Bonds, Series 2010, maturing over a 40-year period at an interest rate not to exceed 4.125 percent per annum.
4. Barkley District is authorized to issue \$1,437,000 of Waterworks Revenue Bonds, Series 2010A, maturing over a 40-year period at an interest rate not to exceed 3.75 percent per annum.
5. Barkley District is authorized to issue \$400,000 of Waterworks Revenue Bonds, Series 2010B, maturing over a 40-year period at an interest rate not to exceed 3.25 percent per annum.
6. The proceeds from the loan agreement with RD shall be used only for the purposes specified in Barkley District's application.
7. Notwithstanding ordering paragraph 6, if surplus funds remain after the approved construction has been completed, Barkley 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 Barkley District's rates for service. Barkley District shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.
8. Barkley 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.

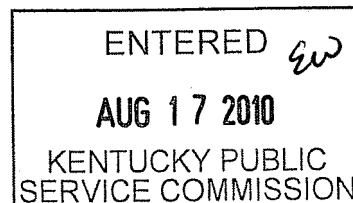
9. Within 30 days of the date of this Order, Barkley District shall file with the Commission its revised tariffs setting out the rates approved herein.

10. Barkley District shall file the rates set out in the Appendix to this Order for water service rendered on and after the date of this Order.<sup>2</sup>

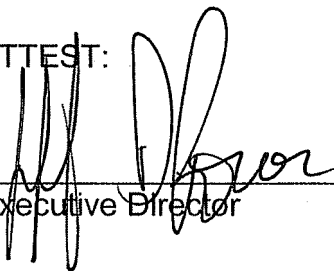
11. Barkley District shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

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

<sup>2</sup> The rates set forth in the Appendix are the same as those set forth in RD's letter of conditions. See Letter from Thomas Fern, State Director, Rural Development, to Scott Bridges, Chairman, Barkley Lake Water District (June 11, 2010) at 3-4. As the rates set forth in Barkley District's application differ from those in the RD letter of conditions and as KRS 278.023 limits the Commission to accepting the rates set forth in a water utility's agreement with RD, we have not authorized the assessment of the proposed rates.

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00301 DATED **AUG 17 2010**

The following rates and charges are prescribed for Barkley District customers. 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.

#### 5/8" Meters

First 2,000 gallons	\$19.88 per minimum bill
Next 98,000 gallons	6.70 per 1,000 gallons
Next 400,000 gallons	5.45 per 1,000 gallons
All over 500,000 gallons	3.98 per 1,000 gallons

#### 1" Meters

First 4,000 gallons	\$33.28 per minimum bill
Next 96,000 gallons	6.70 per 1,000 gallons
Next 400,000 gallons	5.45 per 1,000 gallons
All over 500,000 gallons	3.98 per 1,000 gallons

#### 1-1/2" Meters

First 8,000 gallons	\$60.08 minimum bill
Next 92,000 gallons	6.70 per 1,000 gallons
Next 400,000 gallons	5.45 per 1,000 gallons
All over 500,000 gallons	3.98 per 1,000 gallons

#### 2" Meters

First 15,000 gallons	\$106.98 minimum bill
Next 85,000 gallons	6.70 per 1,000 gallons
Next 400,000 gallons	5.45 per 1,000 gallons
All over 500,000 gallons	3.98 per 1,000 gallons

#### 4" Meters

First 25,000 gallons	\$173.98 minimum bill
Next 75,000 gallons	6.70 per 1,000 gallons
Next 400,000 gallons	5.45 per 1,000 gallons
All over 500,000 gallons	3.98 per 1,000 gallons

Wholesale Rate	\$2.23 per 1,000 gallons
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