

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GREEN RIVER VALLEY WATER)	
DISTRICT, HART AND BARREN COUNTIES,)	
KENTUCKY (1) SEEKING APPROVAL OF)	
REVISED WATER SERVICE RATES AND)	CASE NO.
CHARGES; AND (2) SEEKING APPROVAL OF THE)	2010-00354
ISSUANCE OF CERTAIN SECURITIES,)	
PURSUANT TO THE PROVISIONS OF KRS)	
278.023 AND 807 KAR 5:069)	

O R D E R

On September 2, 2010, Green River Valley Water District (“Green River Valley”) applied for an adjustment of its water rates and authorization to issue securities. On September 20, 2010, Green River Valley amended its application to include a request for a Certificate of Public Convenience and Necessity (“CPCN”) for the construction of facilities.¹

In Case No. 2009-00162,² Green River Valley sought, and the Commission approved, a CPCN to construct a 1,000,000-gallon ground-level storage tank and

¹ In its application, Green River Valley requested a deviation from the publication of notice requirement set forth in 807 KAR 5:069, Section 2. Finding that 807 KAR 5:069 did not enable the Commission to grant deviations with respect to the filing requirements of a case submitted pursuant to KRS 278.023, the Commission denied Green River Valley’s request. On October 25, 2010, Green River Valley filed its notice of publication.

² Case No. 2009-00162, Application of Green River Valley Water District for a Certificate of Public Convenience and Necessity to Construct and Finance a Water Improvements Project Pursuant to KRS 278.020 (Ky. PSC Aug. 26, 2009).

approximately 75,640 linear feet of 16-inch diameter, 1,650 linear feet of 12-inch diameter, and 800 linear feet of 8-inch diameter PVC pipe and related appurtenances. The total cost of the project was estimated to be \$4,067,193 and was initially financed through a short-term loan from Kentucky Rural Water Finance Corporation (“KRWFC”) which did not require Commission approval.³

In the same proceeding, Green River Valley initially requested a CPCN for the construction of two clearwells, approximately 74,800 feet of 4-inch water distribution mains, and two booster stations, but subsequently withdrew these projects from that application because construction bids had not been received. Having since received the construction bids for these projects, Green River Valley now seeks a CPCN for them. The estimated cost for these projects is \$2,590,405.

Green River Valley intends to refinance its short-term loan from KRWFC and finance the project for which approval for a CPCN is sought herein from the following sources: the proceeds of the issuance of \$3,200,000 of Waterworks Revenue Bonds, Series 2010; a grant totaling \$1,100,000 from Rural Development (“RD”), an agency of the U.S. Department of Agriculture; a grant of \$500,000 from the Kentucky Infrastructure Authority; a grant of \$956,000 from the Environmental Protection Agency; and connection fees from the cities of Horse Cave and Cave City, Kentucky totaling \$1,084,869. RD has committed to purchasing all revenue bonds that Green River Valley proposes to issue.

³ See KRS 278.300(8).

Green River Valley'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 October 25, 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. The records of Cases No. 2009-00162 and No. 2009-00455⁴ are incorporated by reference into the record of this case.
2. Green River Valley is granted a CPCN for the proposed construction of a 500,000-gallon concrete clearwell, backwash pump, high-service pumps, approximately 75,000 feet of 4-inch and 3-inch diameter water mains, and related appurtenances.
3. Green River Valley's proposed plan of financing is accepted.
4. Green River Valley is authorized to issue \$3,200,000 of Waterworks Revenue Bonds that mature over a 40-year period at an interest rate not to exceed 2.5 percent.
5. The proceeds from the bond issuance shall be used only for the purposes specified in Green River Valley's application.

⁴ Green River Valley filed an application for adjustment of rates which was docketed as Case No. 2009-00455. The rates approved by this Order are the same as those proposed by Green River Valley in that case. The Commission will address the unresolved issues presented in Case No. 2009-00455 by separate Order.

6. Notwithstanding ordering paragraph 5, if surplus funds remain after the approved construction has been completed, Green River Valley may use such surplus to construct additional plant facilities if RD approves of the use and the additional construction will not result in a change in Green River Valley's rates for service. Green River Valley shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

7. Green River Valley 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.

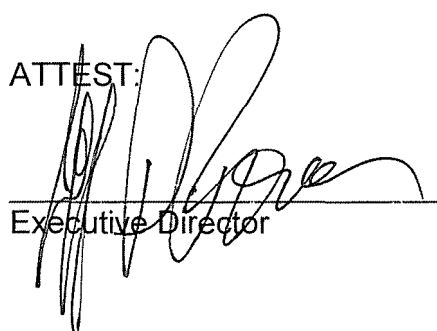
8. The rates set forth in the Appendix to this Order are approved for water service rendered by Green River Valley on and after the date of this Order.

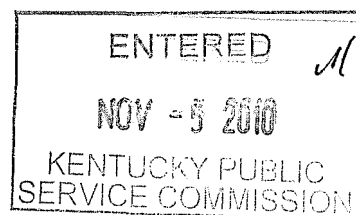
9. Within 20 days of the date of this Order, Green River Valley shall file its revised tariff sheets setting out the rates approved herein.

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. 2010-00354 DATED NOV - 5 2010

The following rates and charges are prescribed for the customers in the area served by Green River Valley 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.

Monthly Water Rates

5/8" x 3/4" Meter

First	2,000 gallons	\$ 17.21	Minimum bill
Next	8,000 gallons	4.71	per 1,000 gallons
Next	10,000 gallons	3.93	per 1,000 gallons
Next	30,000 gallons	3.39	per 1,000 gallons
Next	50,000 gallons	3.06	per 1,000 gallons
All Over	100,000 gallons	2.96	per 1,000 gallons

1" Meter

First	5,000 gallons	\$ 31.34	Minimum bill
Next	8,000 gallons	4.71	per 1,000 gallons
Next	10,000 gallons	3.93	per 1,000 gallons
Next	30,000 gallons	3.39	per 1,000 gallons
Next	50,000 gallons	3.06	per 1,000 gallons
All Over	100,000 gallons	2.96	per 1,000 gallons

1.5" Meter

First	10,000 gallons	\$ 54.89	Minimum bill
Next	10,000 gallons	3.93	per 1,000 gallons
Next	30,000 gallons	3.39	per 1,000 gallons
Next	50,000 gallons	3.06	per 1,000 gallons
All Over	100,000 gallons	2.96	per 1,000 gallons

2" Meter

First	16,000 gallons	\$ 78.47	Minimum bill
Next	4,000 gallons	3.93	per 1,000 gallons
Next	30,000 gallons	3.39	per 1,000 gallons
Next	50,000 gallons	3.06	per 1,000 gallons
All Over	100,000 gallons	2.96	per 1,000 gallons

Wholesale Rate

2.14 per 1,000 gallons

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