

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF JACKSON COUNTY WATER)
ASSOCIATION FOR A CERTIFICATE OF) CASE NO.
CONVENIENCE AND NECESSITY, FINANCING, AND) 2010-00399
ADJUSTMENT OF RATES PURSUANT TO KRS 278.023)

O R D E R

On October 14, 2010, Jackson County Water Association ("JCWA") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$6,340,000 waterworks improvement project. This project consists of the installation of a new raw water intake structure located on the South Fork of the Rockcastle River, two booster pump stations, and approximately 13 miles of 16-inch raw water transmission main and related appurtenances to carry raw water to Tyner Lake. These improvements will increase the safe yield of Tyner Lake to 2.25 million gallons per day, the rated capacity of JCWA's water treatment plant. Project funding consists of a \$3,598,000 loan from the U.S. Department of Agriculture's Rural Development ("RD"), a \$1,542,000 grant from RD, and a \$1,200,000 Empowerment Zone grant.

JCWA'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 October 14, 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. JCWA is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

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

3. The proceeds from the loan agreement with RD shall be used only for the purposes specified in JCWA's application.

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

5. JCWA 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.

6. JCWA shall monitor the adequacies of the expanded raw water supply after construction. If the level of service is inadequate or declining, or is outside the requirements of 807 KAR 5:066, Section 3 or Section 10(4), JCWA shall take immediate action to ensure that the level of service conforms to the regulations of the Commission.

7. JCWA 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 are the rates approved for service rendered on and after the date of this Order.

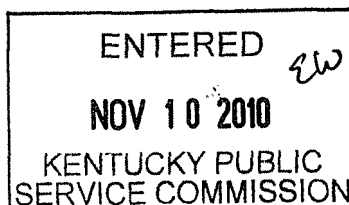
9. Within 30 days of the date of this Order, JCWA shall file its revised tariffs with the Commission setting out the rates approved herein.

10. JCWA 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.

11. Any documents filed in the future pursuant to ordering paragraphs 4, 5, 7, and 9 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



ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00399 DATED **NOV 10 2010**

The following rates and charges are prescribed for the customers in the area served by Jackson County 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.

5/8" x 3/4" Meter

First	2,000 Gallons	\$ 20.58	Minimum Bill
Next	18,000 Gallons	9.03	Per 1,000 Gallons
Next	30,000 Gallons	7.48	Per 1,000 Gallons
Over	50,000 Gallons	5.85	Per 1,000 Gallons

1" Meter

First	5,000 Gallons	\$ 47.67	Minimum Bill
Next	15,000 Gallons	9.03	Per 1,000 Gallons
Next	30,000 Gallons	7.48	Per 1,000 Gallons
Over	50,000 Gallons	5.85	Per 1,000 Gallons

1 1/2" Meter

First	10,000 Gallons	\$ 92.82	Minimum Bill
Next	10,000 Gallons	9.03	Per 1,000 Gallons
Next	30,000 Gallons	7.48	Per 1,000 Gallons
Over	50,000 Gallons	5.85	Per 1,000 Gallons

2" Meter

First	20,000 Gallons	\$ 183.12	Minimum Bill
Next	30,000 Gallons	7.48	Per 1,000 Gallons
Over	50,000 Gallons	5.85	Per 1,000 Gallons

3" Meter

First	30,000 Gallons	\$ 257.92	Minimum Bill
Next	20,000 Gallons	7.48	Per 1,000 Gallons
Over	50,000 Gallons	5.85	Per 1,000 Gallons

4" Meter

First	40,000 Gallons	\$ 332.92	Minimum Bill
Next	10,000 Gallons	7.48	Per 1,000 Gallons
Over	50,000 Gallons	5.85	Per 1,000 Gallons

Honorable John N Hughes
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