

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF TODD COUNTY WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO) CASE NO. 2011-00027
CONSTRUCT, FINANCE AND INCREASE)
RATES PURSUANT TO KRS 278.023)

O R D E R

On January 26, 2011, Todd County Water District ("Todd District") applied for a Certificate of Public Convenience and Necessity for a waterworks construction project, authority to issue \$994,000 of Waterworks Revenue Bonds, and an increase in rates for water service.

Todd District proposes to construct a 500,000 gallon water storage tank and appurtenances. Total cost of the project is \$1,420,000. Todd District proposes to finance the project's construction through the issuance of \$994,000 of Waterworks Revenue Bonds and a grant of \$426,000 from Rural Development ("RD"), an agency of the United States Department of Agriculture. RD has committed to Todd District to purchase \$994,000 of Series A Bonds, which will mature over a 40-year period at an interest rate not to exceed 3.25 percent per annum.

Todd District filed its application pursuant to KRS 278.023, which requires the Commission to accept an agreement between a water district and the United States Department of Agriculture that finances any construction project undertaken by the water district and to issue the necessary orders to implement the terms of such agreement within 30 days of satisfactory completion of the minimum filing requirements.

Given that minimum filing requirements were met in this case on January 26, 2011, 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. Todd District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

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

3. Todd District is authorized to issue \$994,000 of Water and Sewer Revenue Bonds at an interest rate not to exceed 3.25 percent per annum for 40 years.

4. The proceeds from the issuance of revenue bonds shall be used only for the purposes specified in Todd District's application.

5. Todd District shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this order. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Todd District 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 Todd District's rates for service. Todd District shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. Todd District shall require construction to be inspected under the general supervision of a licensed professional engineer with a Kentucky license, competent 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.

7. Todd District shall file a copy of the as-built drawings and a certified statement of a licensed professional engineer with a Kentucky registration in civil or mechanical engineering 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 certified herein.

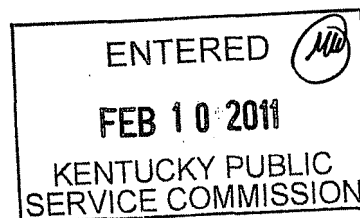
8. Todd District shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

9. The rates set out in the Appendix to this Order are approved for service that Todd District renders on and after the date of this Order.

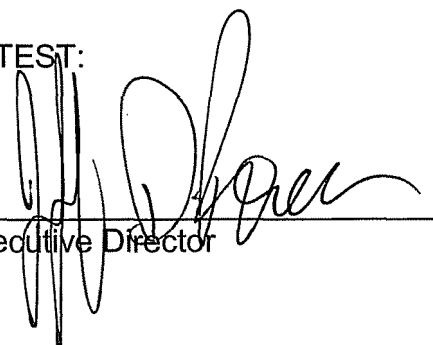
10. Within 30 days of the date of this Order, Todd District shall file with the Commission revised tariff sheets setting out the rates approved in this Order.

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 A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2011-00027 DATED FEB 10 2011

The following rates are prescribed for the customers in the area served by Todd County Water District. All other rates 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.

First	2,000 gallons	\$21.20 Minimum Bill
Next	8,000 gallons	11.10 per 1,000 gallons
Next	10,000 gallons	9.89 per 1,000 gallons
Next	20,000 gallons	8.67 per 1,000 gallons
Over	40,000 gallons	7.19 per 1,000 gallons

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