

Rubin & Hays

ATTORNEYS AT LAW

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CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

September 27, 2006

Ms. Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

RECEIVED

SEP 29 2006

PUBLIC SERVICE
COMMISSION

Re: **Grayson County Water District - Case No. ~~2005-00358~~ 2006-00435**

Dear Ms. O'Donnell:

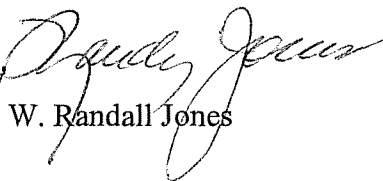
Enclosed please find the original and ten (10) copies of a Motion to Reopen Case in connection with the above styled case.

Attached to the Motion are eleven copies of the required Exhibits.

If you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By 
W. Randall Jones

WRJ:jlm
Enclosures
cc: Distribution List

DISTRIBUTION LIST

Re: Grayson County Water District Water System Revenue Bonds, Series 2005

Mr. Kenneth Slone
State Director
Rural Development
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5477

Telephone: (859) 224-7336
Fax: (859) 224-7340

Mr. Lloyd Hart
Rural Development
957 Campbellsville Road
Columbia, Kentucky 42728

Telephone: (270) 384-6431
Fax: (270) 384-6351

Mr. Kevin Shaw
Grayson County Water District
P.O. Box 217
Leitchfield, Kentucky 42755

Telephone: (270) 259-2917
Fax: (270) 393-2617

Mr. Larry Cann
Cann-Tech, LLC
201 South Main Street
Lawrenceburg, Kentucky 40342

Telephone: (502) 859-0907

Thomas H. Goff, Esq.
Attorney at Law
10 Public Square
P.O. Box 4100
Leitchfield, Kentucky 42755

Telephone: (270) 259-9306

W. Randall Jones, Esq.
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202

Telephone: (502) 569-7525
Fax: (502) 569-7555

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

SEP 29 2006

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF GRAYSON COUNTY)
WATER DISTRICT FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY)
TO CONSTRUCT AND FINANCE PURSUANT)
TO KRS 278.023.)

Case No. ~~2005-00358~~

2006-00435

MOTION TO REOPEN CASE

This Motion of the Grayson County Water District ("Applicant"), respectfully shows:

1. That on September 2, 2005, Applicant submitted an application for a Certificate of Public Convenience and Necessity to construct a \$2,500,000 waterworks improvement project (the "Project") and for approval of its plan of financing for this project. On September 29, 2005, the Commission issued its Order in **Case No. 2005-00358** granting the Certificate and approving the financing.
2. That the U. S. Department of Agriculture, acting through Rural Development ("RD") issued Amendment No. 2, dated August 29, 2006, to the original Letter of Conditions (a copy of said Amendment is attached to this Motion), which Amendment sets forth a revised rate schedule for Applicant in order to generate sufficient income and revenues to cover increased operation and maintenance expenses and increased debt service requirements on the \$1,350,000 RD loan.
3. That the Project is currently under construction and, as of this date, RD has not expended any loan proceeds on the Project and the RD loan has not been closed. Applicant is required to meet all of the conditions in the RD Letter of Conditions, including Amendments thereto, in order for RD to close the loan.
4. That Applicant files this Motion to request that the Commission reopen **Case No. 2005-00358** and issue its Order approving the proposed rate change as set forth in Amendment No. 2 of the RD Letter of Conditions.

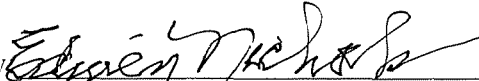
5. That Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069 in support of this Application:

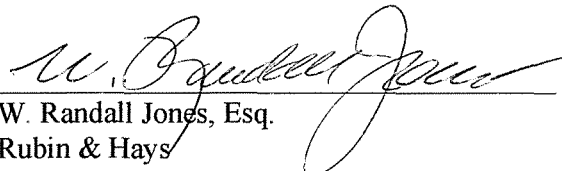
- A. Copy of Amendment No. 2 to the RD Letter of Conditions.
- B. Certified statement from the Chairman of Applicant, based upon statements of the Engineers for Applicant, concerning the following:
 - (1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10;
 - (2) All other state approvals or permits have already been obtained;
 - (3) The proposed rates of Applicant shall produce the total revenue requirements set out in the final engineering report; and
 - (4) Setting out the dates when it is anticipated that construction will begin and end.

6. That Applicant has arranged for the publication, prior to or at the same time this Application is filed, of a Notice of Proposed Rate Change pursuant to Section 2 of 807 KAR 5:069, in The Record, which is the newspaper of general circulation in Applicant's service area and in Grayson County, Kentucky. Said Notice sets out the Applicant's current rates and proposed rates and a short description of the Project. A copy of said Notice is filed herewith as an Exhibit.

WHEREFORE, Applicant, the Grayson County Water District, asks that the Public Service Commission of the Commonwealth of Kentucky reopen **Case No. 2005-00358** and issue its Order approving the proposed increased rates as set out in Section 25 of Amendment No. 2 to the RD Letter of Conditions.

GRAYSON COUNTY WATER DISTRICT

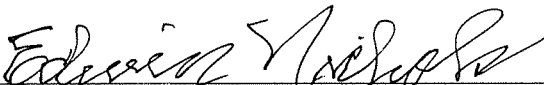
By 
Chairman
Board of Water Commissioners


W. Randall Jones, Esq.
Rubin & Hays
Counsel for Applicant
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF GRAYSON)


The undersigned, Edwin Nichols, being duly sworn, deposes and states that he is the Chairman of the Board of Commissioners of the Grayson County Water District, Applicant, in the above proceedings; that he has read the foregoing Application and has noted the contents thereof; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, he believes same to be true.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on this September 25, 2006.


Edwin Nichols, Chairman
Grayson County Water District

Subscribed and sworn to before me by Edwin Nichols, Chairman of the Board of Commissioners of the Grayson County Water District, on this September 25, 2006.

My Commission expires: 5/17/2009.


Notary Public
In and for said County and State



**United States Department of Agriculture
Rural Development
Kentucky State Office**

August 29, 2006

Mr. Edwin Nichols, Chairman
Grayson County Water District
P.O. Box 217
Leitchfield, Kentucky 42755

Re: Letter of Conditions Dated January 19, 2005

Dear Chairman Nichols:

This letter shall serve as Amendment No. 2 to the Letter of Conditions dated January 19, 2005. The purpose of this amendment is to revise the requested rate schedule in order to generate sufficient income to cover increased O&M expenses and increased debt service requirements of new loan.

Paragraph numbered "22" is revised to read as follows:

“ 22. Cost of Facility:

Breakdown of Costs:

Development	\$ 2,041,080
Land and Rights	8,500
Legal and Administrative	10,000
Engineering & Inspection	249,215
Interest	20,000
Other	62,900
Contingencies	<u>108,305</u>
TOTAL	\$ 2,500,000

Financing:

RUS Loan	\$ 1,350,000
RUS Grant	650,000
KIA Tobacco Development Fund Grant	400,000
Applicant Contribution	<u>100,000</u>
TOTAL	\$ 2,500,000 ”

771 Corporate Drive • Suite 200 • Lexington, KY 40503
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or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

Paragraph numbered "25" is revised to read as follows:

“ 25. Rates and Charges:

Rates and charges for facilities and services rendered by the Water District must be at least adequate to meet cost of maintaining, repairing and operating the water system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

5/8" x 3/4" Meter:

First	1,500	gallons @ \$	15.28 - Minimum Bill.
Next	8,500	gallons @ \$	7.23 - per 1,000 gallons.
Next	40,000	gallons @ \$	6.48 - per 1,000 gallons.
Next	100,000	gallons @ \$	5.73 - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.00 - per 1,000 gallons.

3/4" Meter:

First	3,000	gallons @ \$	26.13 - Minimum Bill.
Next	7,000	gallons @ \$	7.23 - per 1,000 gallons.
Next	40,000	gallons @ \$	6.48 - per 1,000 gallons.
Next	100,000	gallons @ \$	5.73 - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.00 - per 1,000 gallons.

1" Meter:

First	5,000	gallons @ \$	40.58 - Minimum Bill.
Next	5,000	gallons @ \$	7.23 - per 1,000 gallons.
Next	40,000	gallons @ \$	6.48 - per 1,000 gallons.
Next	100,000	gallons @ \$	5.73 - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.00 - per 1,000 gallons.

1 1/2" Meter:

First	10,000	gallons @ \$	76.70 - Minimum Bill.
Next	40,000	gallons @ \$	6.48 - per 1,000 gallons.
Next	100,000	gallons @ \$	5.73 - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.00 - per 1,000 gallons.

2" Meter:

First	16,000	gallons @ \$	115.58 - Minimum Bill.
Next	34,000	gallons @ \$	6.48 - per 1,000 gallons.
Next	100,000	gallons @ \$	5.73 - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.00 - per 1,000 gallons.

3" Meter:

First	30,000	gallons @ \$	206.30 - Minimum Bill.
Next	20,000	gallons @ \$	6.48 - per 1,000 gallons.
Next	100,000	gallons @ \$	5.73 - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.00 - per 1,000 gallons.

4" Meter:

First	50,000	gallons @ \$	335.90 - Minimum Bill.
Next	100,000	gallons @ \$	5.73 - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.00 - per 1,000 gallons.

6" Meter:

First	100,000	gallons @ \$	622.64 - Minimum Bill.
Next	50,000	gallons @ \$	5.73 - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.00 - per 1,000 gallons.

8" Meter:

First	160,000	gallons @ \$	959.38 - Minimum Bill.
All Over	160,000	gallons @ \$	5.00 - per 1,000 gallons.

10" Meter:

First	550,000	gallons @ \$	2,909.54 - Minimum Bill.
All Over	550,000	gallons @ \$	5.00 - per 1,000 gallons. "

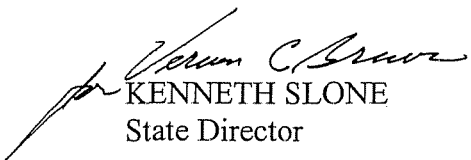
Paragraph numbered "31" is added to read as follows:

" 31. Compliance with the Bioterrorism Act:

Prior to pre-closing the loan, the Water District will provide a certification they have completed a Vulnerability Assessment (VA) and prepared an emergency response plan (ERP) as required by the Safe Drinking Water Act (SDWA). "

All other provisions of the referenced Letter of Conditions remain in full force and unchanged.

Sincerely,



KENNETH SLONE
State Director

- cc: Area Director - Columbia, Kentucky
- Rural Development Manager - Elizabethtown, Kentucky
- Lincoln Trail ADD - Elizabethtown, Kentucky
- Thomas Goff - Leitchfield, Kentucky
- ✓ Rubin & Hays - Louisville, Kentucky
- Cann-Tech, LLC - Lawrenceburg, Kentucky
- PSC - ATTN: Bob Amato - Frankfort, Kentucky

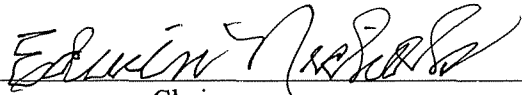
**CERTIFICATE OF CHAIRMAN OF GRAYSON COUNTY WATER DISTRICT,
AS TO STATEMENT REQUIRED BY SECTION 1(5) OF 807 KAR 5:069**

I, Edwin Nichols, hereby certify that I am the duly qualified and acting Chairman of the Grayson County Water District and that said District is in the process of arranging to finance the construction of extensions, additions and improvements to the existing waterworks system of the District (the "Project"), in cooperation with Cann-Tech, LLP, Lawrenceburg, Kentucky, the Engineers for the District (the "Engineers").

Based on information furnished to me by said Engineers for the District, I hereby certify as follows:

1. That the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
2. That all other state approvals and/or permits have already been obtained.
3. That the rates proposed by the District in its current Motion to Reopen Case filed with the Public Service Commission of Kentucky are contemplated to produce total revenue requirements set out in the Engineering Reports prepared by such Engineers and filed with the Public Service Commission.
4. That it is now contemplated that construction of the Project will begin on or about June 1, 2006, and will end on or about February 28, 2007.


IN TESTIMONY WHEREOF, witness my signature this September 25, 2006.



Chairman
Grayson County Water District

STATE OF KENTUCKY)
) SS
COUNTY OF GRAYSON)

Subscribed and sworn to before me by Edwin Nichols, Chairman of the Board of Commissioners of the Grayson County Water District, on this September 25, 2006.



Notary Public
In and For Said State and County

(Seal of Notary)

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Kentucky Public Service Commission as set out in 807 KAR 5:069, Section 2, notice is hereby given to the customers of the Grayson County Water District of a change to the District's rate schedule as set forth herein. The proposed rate change is required by USDA, Rural Development in connection with a loan by the RD to the District in the amount of \$1,350,000 to be evidenced by the issuance by the District of its Waterworks Revenue Bonds in such amount, which RD has agreed to purchase provided the District meets certain conditions of RD, including revising the water rates as set forth below:

Current Monthly Rates

5/8" x 3/4" Meters:

First 1,500 gallons	\$14.15 minimum bill
Next 8,500 gallons	6.69 per 1,000 gallons
Next 40,000 gallons	6.00 per 1,000 gallons
Next 100,000 gallons	5.31 per 1,000 gallons
All over 150,000 gallons	4.63 per 1,000 gallons

\$14.15 minimum applicable to 5/8 x 3/4 inch meter. The following minimums apply to other meter sizes:

<u>Meter Size:</u>	<u>Usage Allowance</u>	<u>Minimum Bill</u>
3x4	3,000 gallons	\$24.19
1	5,000 gallons	37.57
1-1/2	10,000 gallons	71.02
2	16,000 gallons	107.02
3	30,000 gallons	191.02
4	50,000 gallons	311.02
6	100,000 gallons	576.52
8	160,000 gallons	888.32
10	550,000 gallons	2,694.02

Proposed Monthly Rates

5/8" x 3/4" Meters:

First 1,500 gallons	\$15.28 minimum bill
Next 8,500 gallons	7.23 per 1,000 gallons
Next 40,000 gallons	6.48 per 1,000 gallons
Next 100,000 gallons	5.73 per 1,000 gallons
All over 150,000 gallons	5.00 per 1,000 gallons

3/4" Meters:

First 3,000 gallons	\$26.13 minimum bill
Next 7,000 gallons	7.23 per 1,000 gallons
Next 40,000 gallons	6.48 per 1,000 gallons
Next 100,000 gallons	5.73 per 1,000 gallons
All over 150,000 gallons	5.00 per 1,000 gallons

1" Meter:

First 5,000 gallons	\$40.58 minimum bill
Next 5,000 gallons	7.23 per 1,000 gallons
Next 40,000 gallons	6.48 per 1,000 gallons
Next 100,000 gallons	5.73 per 1,000 gallons
All over 150,000 gallons	5.00 per 1,000 gallons

1-1/2" Meter:

First 10,000 gallons	\$76.70 minimum bill
Next 40,000 gallons	6.48 per 1,000 gallons
Next 100,000 gallons	5.73 per 1,000 gallons
All over 150,000 gallons	5.00 per 1,000 gallons

2" Meter:

First 16,000 gallons	\$115.58 minimum bill
Next 34,000 gallons	6.48 per 1,000 gallons
Next 100,000 gallons	5.73 per 1,000 gallons
All over 150,000 gallons	5.00 per 1,000 gallons

3" Meter:

First 30,000 gallons	\$206.30 minimum bill
Next 20,000 gallons	6.48 per 1,000 gallons
Next 100,000 gallons	5.73 per 1,000 gallons
All over 150,000 gallons	5.00 per 1,000 gallons

4" Meter:

First 50,000 gallons	\$335.90 minimum bill
Next 100,000 gallons	5.73 per 1,000 gallons
All over 150,000 gallons	5.00 per 1,000 gallons

6" Meter:

First 100,000 gallons	\$622.64 minimum bill
Next 50,000 gallons	5.73 per 1,000 gallons
All over 150,000 gallons	5.00 per 1,000 gallons

8" Meter:

First 160,000 gallons	\$959.38 minimum bill
All over 160,000 gallons	5.00 per 1,000 gallons

10" Meter:

First 550,000 gallons	\$2,909.54 minimum bill
All over 550,000 gallons	5.00 per 1,000 gallons

The RD loan proceeds will be used in conjunction with certain other funds to finance the construction and installation of (i) approximately 31,750 linear feet of water line and appurtenances, including a booster pump station; (ii) a 500,000 gallon elevated water storage tank; (iii) a 500,000 gallon ground water storage tank; and (iv) a 100,000 gallon elevated water storage tank. Signed: Edwin Nichols, Chairman, Grayson County Water District, Leitchfield, Kentucky.