

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST CASEY COUNTY)
WATER DISTRICT, A WATER DISTRICT)
ORGANIZED PURSUANT TO CHAPTER 74 OF)
THE KENTUCKY REVISED STATUTES, IN)
CASEY COUNTY, KENTUCKY, FOR (1) A)
CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY, AUTHORIZING AND PERMITTING)
SAID EAST CASEY COUNTY WATER DISTRICT)
TO CONSTRUCT WATER DISTRIBUTION)
SYSTEM IMPROVEMENTS, CONSISTING OF)
THE CONSTRUCTION OF EXTENSIONS,)
ADDITIONS AND IMPROVEMENTS TO THE)
DISTRICT'S WATER SYSTEM; (2) APPROVAL)
OF THE PROPOSED PLAN OF FINANCING SAID)
IMPROVEMENTS; AND (3) AN INCREASE IN)
THE RATES AND CHARGES FOR WATER)
SERVICE PROVIDED BY EAST CASEY COUNTY)
WATER DISTRICT)

CASE NO.
2007-00087

O R D E R

On March 1, 2007, East Casey County Water District ("East Casey") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$2,792,000 waterworks improvement project. East Casey was notified that its filing was deficient and required certain information to be filed in order that the application could be deemed administratively complete. East Casey corrected these deficiencies, and the Commission has accepted its application with a filed date of March 6, 2007.

This project consists of the installation of approximately 320,000 linear feet. of 3- and 4-inch water transmission lines and related appurtenances to provide new potable

water service to approximately 250 new customers. Project funding consists of a \$1,001,000 loan from the United States Department of Agriculture, Rural Development ("RD"); an RD grant in the amount of approximately \$410,000; a Department of Housing and Urban Development Community Development Block Grant in the amount of approximately \$581,000; a Commonwealth of Kentucky HB 269 grant in the amount of approximately \$750,000; and a new user tap on charge in the total amount of approximately \$50,000.

East Casey'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 March 6, 2007, 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. East Casey is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. East Casey'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 East Casey's application.
4. Notwithstanding Ordering Paragraph 3, if surplus funds remain after the approved construction has been completed, East Casey 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 East Casey's rates for service. East Casey shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

5. East Casey 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 certified herein.

6. East Casey shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining, or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), East Casey shall take immediate action to ensure that the level of service conforms to the regulations of the Commission.

7. East Casey 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 Appendix A, which is attached hereto and incorporated herein, 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, East Casey shall file with the Commission its revised tariffs setting out the rates approved herein.

10. Three years from the effective date of this Order, East Casey shall file an income statement, along with any pro forma adjustments, in sufficient detail to

demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 29th day of March, 2007.

By the Commission

ATTEST

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00087 DATED March 29, 2007.

The following rates and charges are prescribed for the customers in the area served by East Casey County 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 Inch Meter

First	2,000 Gallons	\$ 15.40	Minimum Bill
Next	3,000 Gallons	6.50	per 1,000 Gallons
Next	5,000 Gallons	6.20	per 1,000 Gallons
Next	5,000 Gallons	5.90	per 1,000 Gallons
Next	5,000 Gallons	5.60	per 1,000 Gallons
All Over	20,000 Gallons	5.00	per 1,000 Gallons