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September 26, 2007

Ms. Beth O'Donnell
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

RE: Madison County Utility District

Dear Ms. O'Donnell:

Enclosed herein please find 10 copies of the Application for Madison County Utility District. Please note that we only have four (4) total copies of Exhibits C and D, the diagram of the building and map of the site.

Please feel free to contact us if you have any questions regarding the Application.

Very truly yours,

PECK, SHAFFER & WILLIAMS LLP

Per

Handwritten signature of Ian F. Koffler in black ink.

Ian F. Koffler

IFK/pp
Enclosures (10 Application sets)
38190\1.DOC

RECEIVED
SEP 27 2007
PUBLIC SERVICE
COMMISSION

2007-424

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

SEP 17 2007

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF THE MADISON)
COUNTY UTILITY DISTRICT FOR AN)
ORDER ISSUING A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY) CASE NO. 2007- 424
AND FOR AUTHORITY TO BORROW)
FUNDS TO REFINANCE CERTAIN)
INDEBTEDNESS OF THE DISTRICT)

APPLICATION

Pursuant to KRS 278.020 and KRS 278.300, the Madison County Utility District (the "District"), a public body corporate and politic and a political subdivision of the Commonwealth of Kentucky and operating under Chapters 74 of the Kentucky Revised Statutes, as amended, is proposing to purchase a new office building for the District (the "Project"), and applies to the Public Service Commission of Kentucky (the "Commission") for an Order in issuing a Certificate of Convenience and Necessity and authorizing the District to issue Revenue Refunding Bonds to refinance certain indebtedness of the District and to finance the Project.

In support of this Application, the District states:

1. That it is a water district organized pursuant to KRS Chapter 74, whose full legal name is Madison County Utility District (807 KAR 5:001, Section 8(1)).
2. The governing body of its Board of Commissioners is a body corporate with the power to make contracts in the furtherance of its lawful and proper purposes as KRS 74.010 provides.
3. The mailing address of the District is:

Madison County Utility District (859) 624-1735
155 North Keenland Drive (859) 623-8220 (Fax)
Richmond, Kentucky 40475

4. That the decision to construct the Project was based on its internal discussions of the Board of Commissioners, enclosed herein as Exhibit A, and the necessity to furnish new office space as the current District Offices exist in leased space that the District has outgrown (807 KAR 5:001, Section 9(2)(a))

5. A copy of the Building Permit for the construction of the Project is contained in Exhibit B (807 KAR 5:001, Section 9(2)(b)).

6. Copies of the external view of the Project along with a copy of the floor diagrams are contained in Exhibit C (807 KAR 5:001, Section 9(2)(c)).

7. Three (3) maps showing the location of the Project are contained in Exhibit D (807 KAR 5:001, Section 9(2)(d)).

8. The Project will be financed through the issuance of revenue bonds secured by the revenues of the District's Utility Systems. The bonds are expected to be issued for a term of 14 years and will refund certain outstanding obligations of the District in addition to providing financing for the Project. Preliminary Bond documents are contained in Exhibit E of this filing (807 KAR 5:001, Section 9(2)(e)).

9. An estimate of the cost of operating the Project after completion is contained in Exhibit F of this filing (807 KAR 5:001, Section 9(2)(f)).

10. A general description of the District's property, together with a statement of the original cost, is contained in its Annual Report for 2006, which is on file with the Commission. The Annual Report of the District is incorporated by reference into this Application (807 KAR 5:001, Section 11(1)(a)).

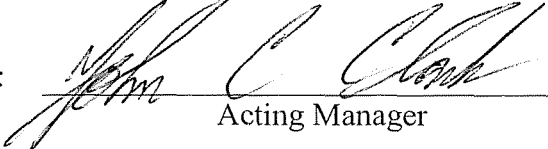
11. The District has previously issued its \$3,880,000 Madison County Utility District Utility District Refunding Revenue Bonds, Series 1997, the proceeds of which refunded certain

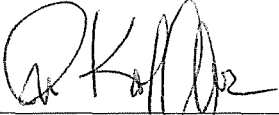
prior obligations of the Kingston-Terrill Water District, the Whitehall Water District and the Waco Water District (collectively the "Predecessor Districts"), which the Predecessor Districts used the proceeds of such obligations to finance infrastructure improvements to their water distribution and treatment facilities. A list of outstanding obligations of the District and the present total debt service payment under these obligations is contained in Exhibit G (807 KAR 5:001, Section 11(1)(c)).

WHEREFORE, the District respectfully requests that the Commission grant the District a Certificate of Convenience and Necessity to purchase a new office building and all proper orders and relief.

Respectfully submitted,

Madison County Utility District
155 North Keenland Drive
Richmond, Kentucky 40475

By:  _____
Acting Manager



Ian F. Koffler
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Covington KY 41011
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(859) 431-0673 – Facsimile
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EXHIBIT A

Madison County Utilities District
155 North Keeneland Drive P.O. Box 670
Richmond, Kentucky 40476-0670
(606) 624-1735 Fax (606) 623-8220

Exhibit A

Madison County Utilities District has outgrown the location now occupied. Madison County Utilities Board Members looked at leasing vs. building. Upon comparing long term cost Board Members felt that relocating and building a new office will be much more cost efficient.

from Oct 26, 2006
Board minutes

* Ms. Becky Turpin then asked the members about the status of the new office building. The Members discussed it in detail and indicated that they would discuss it further at the next meeting. *

With no further business to come before the Board, the meeting was unanimously adjourned at 2:00 p.m.

WANDA PENNINGTON, SEC.
MADISON CO. UTILITIES DISTRICT

**MINUTES OF THE MEETING OF THE BOARD OF COMMISSIONERS
OF THE MADISON COUNTY UTILITIES BOARD
*NOVEMBER 30, 2006***

~~The Board of Commissioners of the Madison County Utilities District held its regular monthly meeting on November 30, 2006 at the District's office at 155 North Keeneland Drive, Richmond, Kentucky. Present at the meeting were Mr. John C. Clark, Mr. Walter Cornelison, Ms. Wanda Pennington, Mr. Marty Sizemore and Mr. James R. Carr, Board members, Mr. Faris Maupin, Ms. Becky Turpin, Ms. Alice Edwards, County Judge Executive Kent Clark, Mr. Kerry Odle, and Mr. Chuck Hardin.~~

~~The Chairman called the meeting to order at 1:00 p.m. The first order of business was to recognize the visitors which were in attendance. Mr. Mike Allman was in attendance and explained to the Board the reasoning behind his bids on the trucks. Being that there were no other visitors in attendance, the Board then reviewed the minutes of its meeting of October 26, 2006. Following review, Ms. Wanda Pennington made a motion to approve the minutes and Mr. Marty Sizemore seconded the motion and the Board unanimously approved it. Mr. Faris Maupin reviewed the financial statement and water loss with the Board. Mr. Maupin advised the Board that water loss was around 19.38% last month and around 14.74% for the year. He further explained the financial statement in detail and answered questions from the commissioners. He advised the Commissioners that the financial statement and the water loss were due to a large number of breaks and the fact that several meter readers had been estimating the bills. He advised that the meter readers that were estimating the bills are no longer working for the District.~~

~~The next order of business was the discussion of the water line break on Red House Road. Mr. Maupin advised the members that the materials had been ordered and were on hold for both the Red House Road and 52 projects. He further provided the Board with a list of breaks and flushings since the last board meeting.~~

~~The District then moved into a discussion of Old Business. Mr. Hardin advised the Board that he had been contacted by the City of Richmond regarding the property across from Kroger's where Home Depot is going to be located. He advised the Members that the City wants to service this area which is now part of our territory. The Members discussed this in detail and advised Mr. Hardin to meet with the City to negotiate this issue along with payment for the Arnett Farm and the School property.~~

~~In regards to the Office Building, the members indicating that the District needed a 9,000 square foot building in which it would keep 4,500 square feet and have to 1500 square feet units to rent. Mr. Carr advised the Board that he was~~

* going to meet with Joe Lillis, the City Code Enforcement Officer, and get in touch *
with Mr. Hardin to look into the feasibility of the District hiring its own construction
manager. Next, Mr. Hardin advised the members that he needed a resolution
passed to authorize Mr. John Clark to quitclaim any interest in the property where
the Boones Trace water tower was located back to the developer. Mr. Marty
Sizemore made the motion which was seconded by Mr. James Carr and
unanimously approved by the Board.

The Commissioners then discussed the cleanup on the 627 project and
advised Mr. Hardin to send a letter to Robert Locker advising him that he was
responsible for the cleanup and the warranty period does not begin until the
cleanup is complete.

Next, Mr. Walter Cornelison made a motion to accept the Bids on the
trucks and truck beds which was seconded by Mr. Marty Sizemore and
unanimously approved by the District.

The Members voted to hold the December meeting on the 14th at 1:00
p.m.

In conclusion, Mr. James Carr made a motion to divide \$5,000 between
the District employees as a bonus based upon each employee's percentage of
overall annual salary. Mr. John Clark seconded the motion and it was
unanimously passed by the commissioners.

With no further business to come before the Board, the meeting was
unanimously adjourned at 2:45 p.m.

**WANDA PENNINGTON, SEC.
MADISON CO. UTILITIES DISTRICT**

from Dec 2006
Board Minutes

District. ~~After a lengthy discussion, Mr. John Clark made a motion for Mr. Maupin to submit the requested rate of \$1,000 per meter to PSC. Said motion was seconded by Mr. James Carr and unanimously approved by the Board.~~

In regards to the Office Building, Mr. James Carr advised the members that he had met with the City Code Enforcement Officer and that there was no way to avoid paying prevailing wage on the job. He advised the members that he was aware of another commercial office building located in Gibson Bay that the District he thought the District could purchase for less than the cost of building a new 9,000 square feet office building and paying the prevailing wage. He also advised the Board that it could hire Darrell Lucas as a construction manager on the project and let him supervise the job on behalf of the District. After a lengthy discussion, the District decided to let Mr. Carr and other members look at the property at Gibson Bay prior to making any determinations on building its own structure.

In conclusion, Mr. Hardin advised the Board that he had sent a letter to Robert Locker advising him that he was responsible for the cleanup and the warranty period does not begin until the cleanup is complete.

With no further business to come before the Board, the meeting was unanimously adjourned at 2:40 p.m.

**WANDA PENNINGTON, SEC.
MADISON CO. UTILITIES DISTRICT**

**MINUTES OF THE MEETING OF THE BOARD OF COMMISSIONERS
OF THE MADISON COUNTY UTILITIES BOARD
January 24, 2007**

The Board of Commissioners of the Madison County Utilities District held its regular monthly meeting on January 24, 2007 at the District's office at 155 North Keeneland Drive, Richmond, Kentucky. Present at the meeting were Mr. John C. Clark, Mr. Walter Cornelison, Ms. Wanda Pennington, Mr. Marty Sizemore and Mr. James R. Carr, Board members, Mr. Faris Maupin, Ms. Becky Turpin, Mr. Kerry Odle, and Mr. Chuck Hardin.


The Chairman called the meeting to order at 1:00 p.m. The first order of business was to recognize the visitors which were in attendance. Members from the Madison County Sanitation District were in attendance including Jim Rowe and Elliott Turner. They came to the meeting to inform the Board that they were unable to commit to leasing part of the new office building at this time due to financial constraints. They also advised the Board that it would take some notice in order to reimburse the District the \$90,000 that it owes. They told the Board that they would look into both of these issues and get back in touch with the District. The Board then reviewed the minutes of its meeting of December 14, 2006. Following review, Mr. Marty Sizemore made a motion to approve the minutes and Mr. John Clark seconded the motion and the Board unanimously approved it. Mr. Faris Maupin then discussed the financial statement with the Board and informed the Board that water loss was around 19% for the month and 13.58% for the year as it relates to unidentified loss.

The next order of business was the discussion of line breaks and flushings. Mr. Maupin presented the Board with information showing that the District had lost over a million gallons of water since November 30, 2006 due to specific breaks and flushings. The District questioned Mr. Maupin regarding the 221,000 gallons lost at Crystal Lane and he was unable to advise as to the location of Crystal Lane. They further discussed flushings at specific developments in which he was informed to bill the developers. The next topic in the water loss was the potential theft of water at Hickory Meadows in which he was informed to contact the Sheriff to investigate.


The District then moved into a discussion of Old Business. Mr. Hardin advised the Board that he had spoke with Greg Puckett who advised him that the City should have a proposed agreement along with the cost of rate study to the District within the next week.

Mr. Maupin then updated the District on the status of the increase in the rate of meter installations. Mr. Maupin advised the District that the rate had been submitted to PSC.

In regards to the Office Building, Mr. James Carr advised the members



that he had met with Joe Lillis and he was willing to draw the plans for \$8,000, and that Darrell Lucas was willing to serve as construction manager for \$60,000. Mr. Lucas met with Faris and Becky and submitted a proposed sketch of the inside of the building for the commissioner's review. Mr. Carr advised the Board that if they wanted to break ground by March 1 they needed to hire a construction manager, someone to draw the plans, an accountant and CMW to do the site development plans and bid packages. Ms. Wanda Pennington made a motion to hire Darrell Lucas for \$60,000 as the construction manager, Joe Lillis for \$8,000.00 to draw the plans, David Smith as the accountant or Ben Johnson if David was unable and CMW to do the site development plans and bid packages. Mr. John Clark seconded the motion and it was unanimously approved by the Board.



~~Mr. Maupin then advised the Board that the water line on Redhouse Road had been replaced and that the line at the Depot was complete.~~

~~In conclusion, the Board discussed a customer's bill for water loss. It appeared from the discussion that the District did not shut the water off as quickly as it could have been and the members agreed to reduce the bill to \$961.20.~~

~~With no further business to come before the Board, the meeting was unanimously adjourned at 2:45 p.m.~~

**WANDA PENNINGTON, SEC.
MADISON CO. UTILITIES DISTRICT**

EXHIBIT B

Exhibit B

1 7 1

No. 07.0072

BUILDING PERMIT

For the purpose of:

Construction, Altering, Add to, Demolish, Move

Issued to HADISON COUNTY UTILITIES

Address 297 MICHELLE DR.

Issued by FEK

Date 5.8.07

Foundation Inspection

Frame Inspection

Final Inspection & Occupancy Certificate

The Building Inspector will be notified when the above inspections are ready to be made.
None of the above will be covered until the inspection has been made.
If construction is not started within 6 months this permit expires.
This permit is to be posted on the site of construction and kept there.

EXHIBIT C