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James Gardner
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John W. Clay
Commissioner

November 14, 2008

Eugene Barrett
Chairman
Southside Water Association, Inc.
P. O. Box 1007
1938 Highway 11 South
Beattyville, KY 41311

CERTIFICATE OF SERVICE

RE: Case No. 2008-00446
Southside Water Association, Inc.

I, Stephanie Stumbo, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on November 14, 2008.

Executive Director

SS/tw
Enclosure



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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTHSIDE WATER)	
ASSOCIATION, INC., OF LEE COUNTY, KENTUCKY)	
FOR A CERTIFICATE OF PUBLIC CONVENIENCE)	CASE NO.
AND NECESSITY TO CONSTRUCT, FINANCE, AND)	2008-00446
INCREASE RATES PURSUANT TO THE PROVISIONS)	
OF KRS 278.023)	

O R D E R

On October 17, 2008, Southside Water Association, Inc. ("Southside Water") applied for a Certificate of Public Convenience and Necessity to construct a \$632,472.35 waterworks improvement project, authorization to issue evidence of indebtedness, and a rate adjustment. This project consists of the construction and installation of approximately 4,900 linear feet of six-inch water mains, a 100,000-gallon ground water storage tank, a booster pump station, and related appurtenances. Project funding consists of a \$344,000 loan from the U.S. Department of Agriculture's Rural Development ("RD"), a \$225,000 grant from RD, and \$63,472.35 from local funds.¹

Southside Water'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 17, 2008, KRS 278.023 does not

¹ The application and the RD agreement show the total project cost to be \$569,000. However, the final engineering report submitted with the application shows the total project cost to be \$632,472.35, with the remainder being financed through local funds.

grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Southside Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

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

3. Southside Water is authorized to issue a promissory note to RD in the amount of \$344,000, at an interest rate not exceeding 4.125 percent per annum, maturing over 40 years.

4. The proceeds from the promissory note to RD shall be used for only the purposes specified in Southside Water's application.

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

6. Southside Water 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.

7. Southside Water 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), Southside Water shall take immediate action to ensure that the level of service conforms to the regulations of the Commission.

8. Southside Water 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 Appendix A are the rates approved for service rendered on and after the date of this Order.

10. Within 30 days of the date of this Order, Southside Water shall file with the Commission revised tariff sheets setting out the rates approved herein.

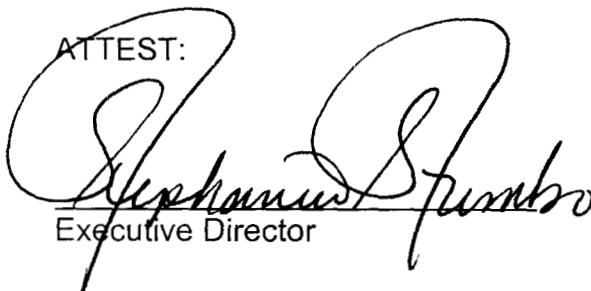
11. Three years from the date of this Order, Southside Water shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

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 14th day of November, 2008.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00446 DATED NOVEMBER 14, 2008

The following rates and charges are prescribed for the customers in the area served by Southside Water Association, Inc. 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

First	2,000 Gallons	\$ 17.29	Minimum Bill
Next	4,000 Gallons	6.55	Per 1,000 Gallons
Next	4,000 Gallons	5.50	Per 1,000 Gallons
Next	15,000 Gallons	4.98	Per 1,000 Gallons
Next	25,000 Gallons	4.72	Per 1,000 Gallons
All Over	50,000 Gallons	4.24	Per 1,000 Gallons