

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EDMONSON COUNTY )	
WATER DISTRICT, EDMONSON, WARREN, )	
GRAYSON AND HART COUNTIES, )	
KENTUCKY, (1) FOR A CERTIFICATE OF )	
PUBLIC CONVENIENCE AND NECESSITY )	
AUTHORIZING CONSTRUCTION OF MAJOR )	CASE NO.
ADDITIONS AND IMPROVEMENTS TO ITS )	2009-00055
WATER SYSTEM, (2) SEEKING APPROVAL OF )	
REVISED WATER SERVICE RATES AND )	
CHARGES, AND (3) SEEKING APPROVAL OF )	
THE ISSUANCE OF CERTAIN SECURITIES )	

O R D E R

On February 9, 2009, Edmonson County Water District ("Edmonson District") applied for a Certificate of Public Convenience and Necessity to construct, authorization to issue revenue bonds, and to adjust its water service rates for a \$3,380,000 waterworks improvement project. This project includes the extension or paralleling of approximately 16 miles of water lines to serve 64 customers in Edmonson, Grayson, and Hart counties; the addition of one new booster pump station ("BPS"); the upgrading of two existing BPSs for increased capacity; and the construction of two new elevated water storage tanks with capacities of 250,000 gallons and 100,000 gallons.

Edmonson District proposes to finance the construction of the project through the issuance of \$1,511,000 of Water System Revenue Bonds, Series 2009; a United States Department of Agriculture Rural Utilities Service ("RUS") grant in the amount of \$644,000; a Kentucky Infrastructure Authority grant in the amount of \$1,209,800; and an Applicant contribution of \$15,200. Edmonson District has obtained a commitment from RUS to

purchase \$1,511,000 of its bonds, maturing over a 40-year period at an interest rate not exceeding 4.375 percent per annum.

Edmonson District'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 orders necessary to implement the terms of such agreements within 30 days of filing the required documents. Given that minimum filing requirements were met in the case on February 9, 2009, 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. Edmonson District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Edmonson District's proposed plan of financing with RUS is accepted.
3. Edmonson District is authorized to enter into an agreement with RUS to borrow \$1,511,000 at an interest rate not to exceed 4.375 percent per annum.
4. The proceeds from the loan agreement with RUS shall be used only for the purposes specified in Edmonson District's application.
5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Edmonson District may use such surplus to construct an additional plant facility if RUS approves of the use and if the additional construction will not result in a change in Edmonson District's rates for service. Edmonson District shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. Edmonson District 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 certificated herein.

7. The rates set out in the Appendix attached hereto and incorporated herein are the rates approved for service rendered on and after the date of this Order.

8. Within 30 days of the date of this Order, Edmonson District shall file with the Commission its revised tariffs setting out the rates approved herein.

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

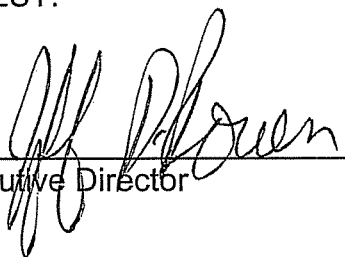
10. Three years from the effective date of this Order, Edmonson District shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

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 11th day of March, 2009.

By the Commission

ATTEST:

  
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Executive Director

Case No. 2009-00055

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2009-00055 DATED MARCH 11, 2009

The following rates and charges are prescribed for the customers in the area served by Edmondson 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

First	1,500 Gallons	\$12.00	Minimum Bill
All Over	1,500 Gallons	4.50	Per 1,000 Gallons

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