

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE GRAYSON COUNTY)
WATER DISTRICT FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY) CASE NO.
TO CONSTRUCT AND FINANCE A WATER) 2009-00238
IMPROVEMENTS PROJECT PURSUANT TO)
KRS 278.020 AND 278.300)

ORDER

On June 25, 2009, Grayson County Water District ("Grayson") submitted an application for a Certificate of Public Convenience and Necessity to construct and finance a \$385,000 waterworks improvement project. The project consists of the acquisition and installation of approximately 2,500 radio read water meters and appurtenances.

Grayson proposes to finance the construction of the project from the proceeds of a loan in the approximate amount of \$385,000 from the Kentucky Rural Water Finance Corporation ("KRWFC") through its Flexible Term Program.

Grayson states that it began installing radio read meters on its system approximately five years ago and currently has approximately 1,500 such meters in operation. It states that the reliability of the data collected from those meters has met or exceeded expectations. It further states that it currently employs two people to read meters, but projects that once all meters on its system have been converted to radio read meters, it will be able to save the costs associated with one meter reading employee and one vehicle.

Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. Grayson is a water district organized pursuant to KRS Chapter 74.
2. Grayson owns and operates facilities used to distribute water for compensation to approximately 6,240 customers in Grayson County, Kentucky.
3. The addition of 2,500 radio read meters will bring Grayson's total radio read meters to 4,000, approximately 65 percent of its system meters.
4. The estimated total cost of the proposed project is approximately \$380,000.
5. Grayson's Board of Directors approved the purchase of the 2,500 meters on January 26, 2009.
6. Based upon the responses to its requests for bids, Grayson's Board selected H. D. Supply Waterworks to provide the proposed meters. Installation will be performed by in-house labor.
7. Grayson proposes to finance the project through the proceeds of a 12-year loan in the amount of \$380,000 from KRWFC with an interest rate varying from 3.100 percent to 4.100 percent per annum.
8. Public convenience and necessity require the proposed project.
9. Installation of the proposed meters will not result in the wasteful duplication of existing facilities or excessive investment in utility facilities.
10. Grayson does not plan to request an increase in rates as a result of its proposal herein.

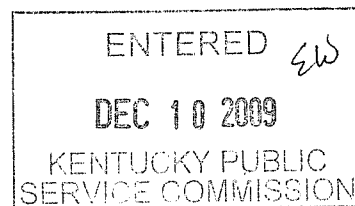
11. The proposed issuance of indebtedness is for a lawful object within Grayson's corporate purposes, is necessary and appropriate for and consistent with Grayson's proper performance of its service to the public, will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

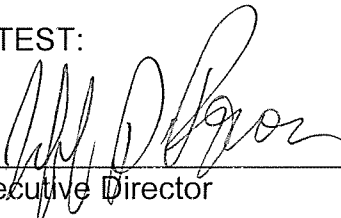
1. Grayson District is granted a Certificate of Public Convenience and Necessity to acquire and install approximately 2,500 radio read meters.
2. Grayson's proposed plan of financing with KRWFC is approved.
3. Grayson shall use the proceeds of the KRWFC loan only for the lawful purposes set forth in its application. Grayson shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky, or any agency thereof.

By the Commission



ATTEST:



Executive Director

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