

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MARION COUNTY WATER)	
DISTRICT, MARION AND NELSON COUNTIES,)	
KENTUCKY, (1) FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY AUTHORIZING)	
CONSTRUCTION OF MAJOR ADDITIONS AND)	CASE NO.
IMPROVEMENTS TO ITS WATER DISTRIBUTION)	89-225
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 August 11, 1989, Marion County Water District ("Marion Water") filed an application for a Certificate of Public Convenience and Necessity to construct a \$1,082,000 waterworks improvement project, for approval of its plan of financing for this project, and for adjustments to its water service rates. This project will provide service to 216 additional customers. Project funding includes a \$778,000 loan from the Farmers Home Administration ("FmHA"), \$250,000 in Marion Water funds, and \$54,000 from applicants for service in the proposed project area. The loan will be for a 40-year period at an interest rate of 5 percent per annum.

Marion Water's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water districts and FmHA and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory

completion of the minimum filing requirements. The minimum filing requirements were met in this case on August 21, 1989. The rate schedule proposed by Marion Water does not, as is generally recommended by Commission Staff, adjust the minimum amount of water allowed to reflect the minimum bills for the various sized meters. The same first 1,000 gallons is priced differently for each meter size. The Commission, however, has no discretionary authority to modify or reject any portion of this application.

IT IS THEREFORE ORDERED that:

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

2. Marion Water's proposed plan of financing with FmHA is accepted.

3. Marion 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 certificated herein.

4. 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.

5. Marion Water shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

6. Marion 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 falls outside the requirements of 807 KAR 5:066, Section

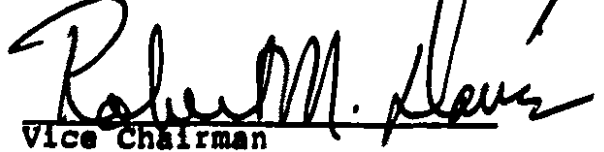
6(1), Marion Water shall take immediate action to bring the system into compliance with Commission regulations.

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 September, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 89-225 DATED 9/11/89

The following rates and charges are prescribed for the customers in the area served by Marion County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly Rates

First 1,000 gallons	\$8.59 Minimum Bill
Next 9,000 gallons	2.01 per 1,000 gallons
Next 90,000 gallons	1.47 per 1,000 gallons
Over 100,000 gallons	1.36 per 1,000 gallons

Minimum Bills

5/8 inch x 3/4 inch meters	\$ 8.59
1 inch meters	13.60
2 inch meters	19.04