

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SOUTH HOPKINS WATER)	
DISTRICT OF HOPKINS COUNTY, KENTUCKY,)	CASE NO.
FOR A CERTIFICATE OF PUBLIC CONVENIENCE)	94-415
AND NECESSITY TO CONSTRUCT, FINANCE,)	
AND INCREASE RATES PURSUANT TO KRS 278.023)	

O R D E R

On October 31, 1994, South Hopkins Water District ("South Hopkins") filed an application for a Certificate of Public Convenience and Necessity to construct a \$866,000 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 92 additional customers. Project funding includes a \$670,000 bond issue to be purchased pursuant to an agreement with Farmers Home Administration ("FmHA"), a \$100,000 grant from Hopkins County, a \$28,000 grant from the Andalex Coal Company, \$50,000 in South Hopkins funds, and \$18,000 from applicants for service in the proposed project area. The bonds will be financed for a 40-year period from the date of the bonds at an interest rate of 5 percent per annum.

On November 9, 1994, South Hopkins tendered an amended application stating that the construction bids received were approximately \$100,000 greater than the estimated cost of \$866,000 and that FmHA had agreed to a concomitant increase, from \$670,000 to \$770,000, in the amount of bonds to be purchased.

South Hopkins' 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. Given that minimum filing requirements were met in this case on October 31, 1994, 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. The amended application tendered by South Hopkins is accepted for filing.
2. South Hopkins is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.
3. South Hopkins' proposed plan of financing with FmHA is accepted.
4. South Hopkins is authorized to issue bonds not to exceed \$770,000 to be held or insured by FmHA.
5. South Hopkins 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.
6. 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.

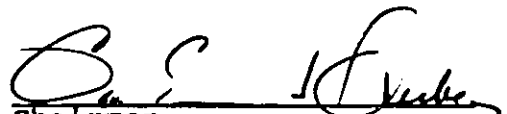
7. South Hopkins shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

8. South Hopkins 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 5(1), South Hopkins 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 22nd day of November, 1994.

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. 94-415 DATED NOVEMBER 22, 1994

The following rates and charges are prescribed for the customers in the area served by South Hopkins 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:

5/8 Inch x 3/4 Inch Meter

First 1,000 gallons	\$ 6.75 (Minimum Bill)
Next 9,000 gallons	3.00 per 1,000 gallons
Next 10,000 gallons	2.55 per 1,000 gallons
Next 30,000 gallons	2.16 per 1,000 gallons
All Over 50,000 gallons	1.65 per 1,000 gallons

3/4 Inch Meter

First 5,000 gallons	\$18.75 (Minimum Bill)
Next 5,000 gallons	3.00 per 1,000 gallons
Next 10,000 gallons	2.55 per 1,000 gallons
Next 30,000 gallons	2.16 per 1,000 gallons
All Over 50,000 gallons	1.65 per 1,000 gallons

1 Inch Meter

First 10,000 gallons	\$33.75 (Minimum Bill)
Next 10,000 gallons	2.55 per 1,000 gallons
Next 30,000 gallons	2.16 per 1,000 gallons
All Over 50,000 gallons	1.65 per 1,000 gallons

2 Inch Meter

First 20,000 gallons	\$59.25 (Minimum Bill)
Next 30,000 gallons	2.16 per 1,000 gallons
All Over 50,000 gallons	1.65 per 1,000 gallons

3 Inch Meter

First 50,000 gallons	\$124.05 (Minimum Bill)
Over 50,000 gallons	1.65 per 1,000 gallons

Tapping Fees = \$300.00

Wholesale Rate(City of Morton's Gap)

- Cost of water from Dawson Springs
- +Amortization, new supply facilities (\$0.12/m)
- +Additional pumping costs
- +25 percent