

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE AND APPLICATION OF KENTON COUNTY)	
WATER DISTRICT NO. 1 TO CONSTRUCT AN)	
EXTENSION TO SERVE APPROXIMATELY 175)	CASE NO.
CUSTOMERS, AND TO INSTITUTE A SURCHARGE)	94-409
UNDER KRS 278.023 WITH NO CHANGE IN BASIC)	
WATER RATES, IN SUB-DISTRICT B)	

O R D E R

Kenton County Water District No. 1 ("Kenton District") has petitioned for rehearing of the Commission's Order of December 16, 1994. It seeks rehearing for the purpose of modifying the rates which the Commission authorized for Sub-District B. In support of its petition, it has submitted an Amended Letter of Conditions from the Rural Economic and Community Development Administration ("RECDA"), an agency of the U.S. Department of Agriculture, which revises the rates upon which RECDA had conditioned its loan of \$1,621,000 to Kenton District.

Kenton District's application is filed pursuant to KRS 278.023 which requires the Commission to accept agreements between water districts 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. KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

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

1. The petition for rehearing should be granted.
2. Under an agreement between RECDA and Kenton District, RECDA has agreed to purchase \$1,621,000 of revenue bonds. The bonds will mature over a 40-year period and have an interest rate of 5.5 percent per annum.
3. The agreement between RECDA and Kenton District, as revised by the Amended Letter of Conditions, specifies the rates which Kenton District has proposed in its application and requires that Kenton District assess a monthly surcharge of \$24.00 to customers within Sub-District B.
4. Upon payment of the \$1,621,000 bonds issued to finance the construction of facilities in Sub-District B, Kenton District should cease assessing the approved surcharge to Sub-District B customers.

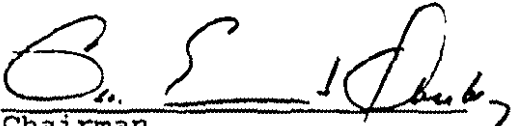
IT IS THEREFORE ORDERED that:

1. Kenton District's Petition for Rehearing is granted.
2. The rates which Kenton District proposed in its application and which are set out in Appendix A are the rates approved for service rendered on and after the date of this Order to Kenton District customers located within Sub-District B.
3. Upon payment of the \$1,621,000 bonds issued to RECDA to finance the construction of facilities in Sub-District B, Kenton District shall cease assessing the surcharge approved herein.


4. Kenton District shall submit its revised tariff sheets reflecting the rates in Appendix A within 30 days of the date of this Order.

Done at Frankfort, Kentucky, this 26th day of January, 1995.


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. 94-409 DATED January 26, 1995.

The following rates and charges are prescribed for the customers in the area served by Kenton 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 FOR SUB-DISTRICT B

First	200 cu. ft.	\$4.66 Minimum Bill
Next	1,500 cu. ft.	2.00 per 100 cu. ft.
Next	165,000 cu. ft.	1.73 per 100 cu. ft.
Next	500,000 cu. ft.	1.40 per 100 cu. ft.
Over	666,700 cu. ft.	1.04 per 100 cu. ft.

A monthly surcharge of \$24.00 shall be added to each bill rendered.