

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

On October 31, 1994, South Hopkins Water District ("South Hopkins") filed an application pursuant to KRS 278.023 requesting authority to: 1) construct a \$866,000 waterworks improvement project; 2) issue revenue bonds pursuant to a financing agreement with the United States Department of Agriculture ("USDOA"); and 3) increase its rates for water service. The application was subsequently amended to reflect a \$100,000 increase in the cost of the project and the issuance of an additional \$100,000 in revenue bonds. However, no corresponding adjustment was requested to the proposed rate increase. By Order dated November 22, 1994, the Commission granted South Hopkins the authority it requested and authorized the new rates to be effective with service rendered on and after the date of that Order.

On December 22, 1995, South Hopkins filed a motion requesting that this case be reopened and the November 22, 1994 Order be amended to reflect a higher level of rates than those originally approved. The basis for the motion is a December 6, 1995 letter from the USDOA, acting through the Rural Economic and Community Development Service, amending previously established conditions and

requiring South Hopkins to adopt rates higher than those approved on November 22, 1994. The higher rates are being required to ensure that sufficient revenues are generated to cover all costs of debt service and operation of the water system.

Based on the motion and the amended letter of conditions, the Commission finds that under KRS 278.023 applications to construct federally-funded projects must be approved without modification and the Commission is required to issue any order that may be necessary to implement the terms of the agreement between the utility and the federal lending agency. Thus, the Commission finds that the revised rates set forth in the December 6, 1995 letter of conditions must be approved for service rendered by South Hopkins in lieu of the rates approved in the November 22, 1994 Order.

IT IS THEREFORE ORDERED that:

1. The motion to reopen this case for the limited purpose of revising the rates set forth in Appendix A to the November 22, 1994 Order is granted.

2. The November 22, 1994 Order is amended to the extent that the rates set forth in Appendix A thereto are superseded by the rates set forth in Appendix A, attached hereto and incorporated herein by reference, for service rendered on and after the date of this Order.

3. South Hopkins shall file within 30 days of the date of this Order revised tariff sheets setting forth the rates in Appendix A to this Order.

Done at Frankfort, Kentucky, this 7th day of February, 1996.

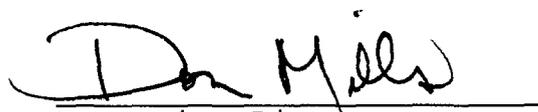
PUBLIC SERVICE COMMISSION


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 FEBRUARY 7, 1996.

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	\$ 7.40 (Minimum Bill)
Next	9,000 gallons	3.65 per 1,000 gallons
Next	10,000 gallons	3.20 per 1,000 gallons
Next	30,000 gallons	2.81 per 1,000 gallons
All Over	50,000 gallons	2.30 per 1,000 gallons

5/8 Inch x 3/4 Inch Meter Rate 2

First	5,000 gallons	\$ 22.00 (Minimum Bill)
Next	5,000 gallons	3.65 per 1,000 gallons
Next	10,000 gallons	3.20 per 1,000 gallons
Next	30,000 gallons	2.81 per 1,000 gallons
All Over	50,000 gallons	2.30 per 1,000 gallons

1 Inch Meter

First	10,000 gallons	\$ 40.25 (Minimum Bill)
Next	10,000 gallons	3.20 per 1,000 gallons
Next	30,000 gallons	2.81 per 1,000 gallons
All Over	50,000 gallons	2.30 per 1,000 gallons

2 Inch Meter

First	20,000 gallons	\$ 72.25 (Minimum Bill)
Next	30,000 gallons	2.81 per 1,000 gallons
All Over	50,000 gallons	2.30 per 1,000 gallons

3 Inch Meter

First	50,000 gallons	\$156.55 (Minimum Bill)
All Over	50,000 gallons	2.30 per 1,000 gallons

Wholesale Rate (City of Morton's Gap)

\$ 1.43 per 1,000 gallons