

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | |
|--|----------|
| THE APPLICATION OF OHIO COUNTY WATER) | |
| DISTRICT FOR (1) ISSUANCE OF A CERTIFICATE) | |
| OF PUBLIC CONVENIENCE AND NECESSITY FOR) | |
| CONSTRUCTION OF THE SERIES II WATER) | CASE NO. |
| SYSTEM IMPROVEMENTS; (2) AUTHORIZATION) | 2000-170 |
| TO ISSUE SERIES II REVENUE BONDS IN THE) | |
| AMOUNT OF \$4,035,000; AND (3) AUTHORIZATION) | |
| TO ADJUST RATES TO PAY FOR THE) | |
| ADDITIONAL INDEBTEDNESS) | |

ORDER

On May 31, 2000, Ohio County Water District ("Ohio District") filed an application with the Public Service Commission ("Commission") for a Certificate of Public Convenience and Necessity to construct a \$4,035,000 waterworks improvement project, for approval of its plan to finance the project, and to increase rates for water service to produce annual operating revenues from water sales of \$2,508,259. On July 14, 2000, the Commission issued an Order approving the proposed construction and financing plan. The Commission deferred ruling on the proposed rates until Commission Staff ("Staff") had performed a review of Ohio District's financial condition.

To perform its review Staff conducted a field inspection of Ohio District's books and records. After completion of the review, Staff summarized its findings and recommendations in a Staff Report that was issued on August 10, 2000. In its report Staff recommended that Ohio District should be allowed to charge rates that produce \$2,485,307. Staff's report included a cost of service study that was used to determine the recommended rates.

All parties of record were given 10 days to comment on the Staff Report or request a hearing or informal conference. No comments or requests were received.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rates in Appendix A are the fair, just, and reasonable rates for Ohio District and will produce annual operating revenue \$2,485,307.

3. The rates proposed by Ohio District would produce revenue in excess of that found reasonable herein and should be denied.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Ohio District in its application are hereby denied.

2. The rates set out in Appendix A are approved for services rendered by Ohio District on and after the date of this Order.

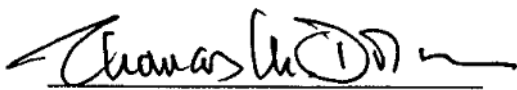
3. Within 30 days of the date of this Order, Ohio District shall file with the Commission its revised tariff setting out the rates approved herein.

4. Three years from the date of this Order, Ohio District shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Done at Frankfort, Kentucky, this 6th day of September, 2000.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas W. [unclear]", written over a horizontal line.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2000-170 DATED SEPTEMBER 6, 2000

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

Monthly Water Rates

| | | | |
|----------------|-----------------|---------|-------------------|
| First | 2,000 gallons | \$17.23 | Minimum bill |
| Next | 18,000 gallons | 7.55 | per 1,000 gallons |
| Next | 30,000 gallons | 6.56 | per 1,000 gallons |
| Next | 50,000 gallons | 5.56 | per 1,000 gallons |
| Over | 100,000 gallons | 4.58 | per 1,000 gallons |
| Wholesale rate | | \$1.53 | per 1,000 gallons |