

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MCCREARY COUNTY)	
WATER DISTRICT OF MCCREARY COUNTY,)	
KENTUCKY, FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY TO CONSTRUCT)	2004-00206
AND INCREASE RATES PURSUANT TO KRS)	
278.023)	

O R D E R

On June 1, 2004, McCreary County Water District (“McCreary Water”) submitted an application for a Certificate of Public Convenience and Necessity to construct and increase rates for a \$483,000 wastewater improvement project. This project will serve 63 households in the Marshes Siding area of McCreary County and consists of the installation of approximately 13,350 linear feet of force main, 63 grinder stations, and related appurtenances. This is a low-income residential area that is characterized by small lots with houses in close proximity to one another. The majority of the houses do not have any type of sewage treatment, while those that have septic systems experience problems on a regular basis, resulting in a potential health threat to residents and possible pollution of Lake Cumberland. Project funding consists of a \$483,000 grant from Personal Responsibility in a Desirable Environment (“PRIDE”), administered by the United States Department of Agriculture, acting through Rural Development (“RD”).

McCreary Water’s application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities 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 within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in the case on June 1, 2004, 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. McCreary Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. McCreary 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.

3. The rates set out in Appendix A, which are attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

4. McCreary Water shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, the utility may use such surplus to construct additional plant facility if RD approves of the use and the additional construction will not result in a change in the utility's rates for service. The utility shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. McCreary Water shall notify the Commission one-week prior to the actual start of construction and at the 50 percent completion point.

7. Three years from the effective date of this Order, McCreary Water 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.

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 29th day of June, 2004.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and flourishes, positioned above a horizontal line.

Executive Director

Case No. 2004-00206

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2004-00206 DATED JUNE 29, 2004

The following rates and charges are prescribed for the customers in the area served by McCreary 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

Residential and Non-Residential Rates

First	2,000 gallons	\$ 14.95	Minimum bill
All Over	2,000 gallons	4.95	per 1,000 gallons

Prison Rates

First	1,950,000 gallons	\$ 9,657.55	Minimum bill
All Over	1,950,000 gallons	4.95	per 1,000 gallons

Monthly Sewer Rates

Residential

First	2,000 gallons	\$ 8.10	Minimum bill
Next	8,000 gallons	4.30	per 1,000 gallons
Next	10,000 gallons	3.40	per 1,000 gallons
All Over	20,000 gallons	2.70	per 1,000 gallons

Non-Residential

First	2,000 gallons	\$ 10.80	Minimum bill
Next	8,000 gallons	5.80	per 1,000 gallons
Next	10,000 gallons	4.50	per 1,000 gallons
All Over	20,000 gallons	3.60	per 1,000 gallons

Federal Prison Facility

First	1,300,000 gallons	\$ 4,710.20	Minimum bill
All Over	1,300,000 gallons	3.60	per 1,000 gallons

East Pine Knot System

Residential	\$11.82	Flat Rate
Commercial	\$11.82	per Residential Equivalent*

*The number of Residential Equivalents and/or fractional parts thereof shall be determined by dividing the customers average monthly water consumption in gallons. The minimum bill for this type of service shall be \$11.82.