

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CARROLL COUNTY)	
WATER DISTRICT NO. 1 FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY TO)	CASE NO.
CONSTRUCT, FINANCE, AND INCREASE RATES)	2005-00324
PURSUANT TO KRS 278.023)	

O R D E R

On August 4, 2005, Carroll County Water District No. 1 (“Carroll Water”) submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$1,440,000 waterworks improvement project. This project consists of the installation of approximately 9.3 miles of 6-inch water mains, a booster pumping station, a 200,000-gallon water storage tank, and related appurtenances to provide service to approximately 70 new customers. The project will be funded with the proceeds of the issuance of \$911,000 of Waterworks Revenue Bonds to the U.S. Department of Agriculture’s Rural Development (“RD”), a \$484,000 grant from RD, connection fees in the amount of \$32,550, and internal funds of \$12,450.

Carroll 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 August 4, 2005, 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. Carroll Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Carroll Water's proposed plan of financing with RD is accepted.
3. Carroll Water is authorized to issue \$592,000 of Series A Waterworks Revenue Bonds and \$319,000 of Series B Waterworks Revenue Bonds at an interest rate not to exceed 4.375 and 4.125 percent per annum, respectively.
4. The proceeds from the bond issuances shall be used only for the purposes specified in Carroll Water's application.
5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Carroll Water 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 Carroll Water's rates for service. Carroll Water shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.
6. Carroll 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.
7. The rates set out in Appendix A, which is appended hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.
8. Within 30 days of the date of this Order, Carroll Water shall file with the Commission its revised tariffs setting out the rates approved herein.

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

10. Three years from the effective date of this Order, Carroll 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 26th day of August, 2005.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2005-00324 DATED August 26, 2005

The following rates and charges are prescribed for the customers in the area served by Carroll County Water District No. 1. 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	1,000	gallons	\$ 12.50	Minimum bill
Next	1,000	gallons	5.90	per 1,000 gallons
Next	3,000	gallons	4.85	per 1,000 gallons
Next	35,000	gallons	4.50	per 1,000 gallons
Over	40,000	gallons	2.40	per 1,000 gallons