

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE BATH COUNTY)	
WATER DISTRICT FOR A CERTIFICATE OF)	CASE NO.
PUBLIC CONVENIENCE AND NECESSITY TO)	2006-00205
CONSTRUCT, FINANCE, AND INCREASE)	
RATES AND CHARGES PURSUANT TO KRS)	
278.023)	

O R D E R

On May 22, 2006, Bath County Water District ("Bath District") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$1,623,673 waterworks improvement project. This project consists of the rehabilitation of two storage tanks; construction of a new tank in the Olympia area; and extension of water service to the areas of Mudlick, Elm, Turly, and Prickley Ash. To improve efficiencies in its operations, Bath District will install telemetry and radio read meters.

Bath District proposes to finance the construction of the project through the issuance of \$1,039,000 of its Waterworks Revenue Bonds; a U.S. Department of Agriculture, Rural Development ("RD") grant in the amount of \$550,100; and a Menifee County Fiscal Court contribution in the amount of \$34,573. The \$1,039,000 loan is for a 40-year period with an interest rate not to exceed 4.25 percent per annum. Bath District'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 this case on May 22, 2006, 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. Bath District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Bath District's proposed plan of financing with RD is accepted.
3. Bath District is authorized to borrow \$1,039,000 with an interest rate not to exceed 4.25 percent per annum for 40 years.
4. The proceeds from the bond issuance shall be used only for the purposes specified in Bath District's application.
5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Bath District 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 Bath District's rates for service. Bath District shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.
6. Bath District 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 certified herein.

7. Bath District shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining, or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), Bath District shall take immediate action to ensure that the level of service conforms to the regulations of the Commission.

8. Bath District shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

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

10. Within 30 days of the date of this Order, Bath District shall file with the Commission its revised tariffs setting out the rates approved herein.

11. Three years from the effective date of this Order, Bath 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.

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 14th day of June, 2006.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00205 DATED

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

5/8 x 3/4 Inch Meter

First	2,000	gallons	\$ 11.37	Minimum bill
Next	3,000	gallons	4.76	per 1,000 gallons
Next	5,000	gallons	3.46	per 1,000 gallons
Next	10,000	gallons	2.86	per 1,000 gallons
Next	30,000	gallons	2.66	per 1,000 gallons
Over	50,000	gallons	2.56	per 1,000 gallons

1" Meter

First	10,000	gallons	\$42.95	Minimum bill
Next	10,000	gallons	2.86	per 1,000 gallons
Next	30,000	gallons	2.66	per 1,000 gallons
Over	50,000	gallons	2.56	per 1,000 gallons

2" Meter

First	50,000	gallons	\$151.35	Minimum bill
Over	50,000	gallons	2.56	per 1,000 gallons

WHOLESALE RATES:

Sharpsburg Water District: \$ 2.54 per 1,000 gallons

City of Frenchburg:

First 100,000 gallons per day @ \$2.66 per 1,000 gallons.

Next 250,000 gallons per day @ \$2.13 per 1,000 gallons.

City of Owingsville:

Monthly Debt Service Payment \$4,733.91 Minimum bill
All Usage 1.70 per 1,000 gallons

Bulk Sales: \$7.15 per 1,000 gallons