

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LAKE VILLAGE WATER)	
ASSOCIATION, INC., OF ROCKCASTLE,)	
LINCOLN, GARRARD AND PULASKI COUNTIES)	CASE NO.
FOR A CERTIFICATE OF PUBLIC)	2007-00051
CONVENIENCE AND NECESSITY TO)	
CONSTRUCT, FINANCE AND INCREASE RATES)	
PURSUANT TO KRS 278.023)	

O R D E R

On January 30, 2007, Lake Village Water Association, Inc. ("Lake Village") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$1,355,000 waterworks improvement project. This project consists of the installation of approximately 11 miles of 8-inch through 3-inch water transmission mains and related appurtenances to provide new potable water service to approximately 58 customers. Project funding consists of an \$885,000 loan from the U.S. Department of Agriculture's Rural Development ("RD"), a Tobacco Settlement grant in the amount of \$450,000, and a contribution from the applicant in the amount of \$20,000.

Lake Village'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 January 30, 2007, 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. Lake Village is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Lake Village's proposed plan of financing with RD is accepted.

3. The proceeds from the loan agreement with RD shall be used only for the purposes specified in Lake Village's application.

4. Notwithstanding Ordering Paragraph 3, if surplus funds remain after the approved construction has been completed, Lake Village 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 Lake Village's rates for service. Lake Village shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

5. Lake Village 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.

6. Lake Village 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), Lake Village shall take immediate action to ensure that the level of service conforms to the regulations of the Commission.

7. Lake Village shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

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

9. Within 30 days of the date of this Order, Lake Village shall file with the Commission its revised tariffs setting out the rates approved herein.

10. Three years from the effective date of this Order, Lake Village 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 15th day of February, 2007.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00051 DATED February 15, 2007

The following rates and charges are prescribed for the customers in the area served by Lake Village Water Association, Inc. 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	\$ 22.30	Minimum bill
Next	18,000	gallons	8.20	per 1,000 gallons
All over	20,000	gallons	6.22	per 1,000 gallons

Wholesale Water Rate

North Point Training Center	\$1.85	per 1,000 gallons
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