

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE ADAIR COUNTY WATER)	
DISTRICT, A WATER DISTRICT ORGANIZED)	
PURSUANT TO CHAPTER 74 OF THE KENTUCKY)	
REVISED STATUTES, IN ADAIR COUNTY,)	
KENTUCKY, FOR (1) A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY, AUTHORIZING)	
AND PERMITTING SAID ADAIR WATER DISTRICT TO)	CASE NO.
CONSTRUCT WATER DISTRIBUTION SYSTEM)	2007-00195
IMPROVEMENTS, CONSISTING OF THE)	
CONSTRUCTION OF EXTENSIONS, ADDITIONS AND)	
IMPROVEMENTS TO THE DISTRICT'S WATER)	
SYSTEM AND (2) THE APPROVAL OF THE)	
PROPOSED PLAN OF FINANCING SAID)	
IMPROVEMENTS)	

O R D E R

On May 16, 2007, Adair County Water District ("Adair County District") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$2,302,000 waterworks improvement project. This project consists of the construction and installation of approximately 39,800 linear feet of 12-inch water line and a 500,000-gallon elevated water storage tank.

Adair County District proposes to finance the construction of the project through: a United States Department of Agriculture Rural Development ("RD") loan in the amount of \$752,000 for issuance of its Water and Sewer Revenue bonds, Series of 2007; an RD grant in the amount of \$550,000; and a Kentucky Infrastructure Authority Tobacco Settlement Grant in the amount of \$1,000,000.

Adair County 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 16, 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. Adair County District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Adair County District's proposed plan of financing with RD is accepted.
3. Adair County District is authorized to issue its Water Revenue Bonds not to exceed \$752,000 at an interest rate not exceeding 4.25 percent per annum, maturing over 40 years.
4. The proceeds from the bond issuance shall be used only for the purposes specified in Adair County District's application.
5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Adair County 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 Adair County District's rates for service. Adair County District shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. Adair County 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. Adair County 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), Adair County District shall take immediate action to ensure that the level of service conforms to the regulations of the Commission.

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

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

10. 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.

11. Three years from the effective date of this Order, Adair County 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, 2007.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2007-00195 DATED June 14, 2007

The following rates and charges are prescribed for the customers in the area served by Adair 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" Meter

First	2,000	Gallons	\$14.85	Minimum Bill
Next	3,000	Gallons	5.70	Per 1,000 Gallons
Next	5,000	Gallons	4.95	Per 1,000 Gallons
Next	15,000	Gallons	3.85	Per 1,000 Gallons
All Over	25,000	Gallons	3.10	Per 1,000 Gallons

1" Meter

First	5,000	Gallons	\$31.65	Minimum Bill
Next	5,000	Gallons	4.95	Per 1,000 Gallons
Next	15,000	Gallons	3.85	Per 1,000 Gallons
All Over	25,000	Gallons	3.10	Per 1,000 Gallons

1-1/2" Meter

First	10,000	Gallons	\$55.90	Minimum Bill
Next	15,000	Gallons	3.85	Per 1,000 Gallons
All Over	25,000	Gallons	3.10	Per 1,000 Gallons

2" Meter

First	16,000	Gallons	\$78.40	Minimum Bill
Next	9,000	Gallons	3.85	Per 1,000 Gallons
All Over	25,000	Gallons	3.10	Per 1,000 Gallons