

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST LOGAN WATER)	
DISTRICT FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO)	CASE NO.
CONSTRUCT, FINANCE, AND INCREASE)	2008-00201
RATES PURSUANT TO KRS 278.023)	

O R D E R

On June 3, 2008, East Logan Water District (“East Logan”) applied for a Certificate of Public Convenience and Necessity to construct a \$3,045,000 waterworks project, authorization to issue revenue bonds, and an adjustment of its water service rates. This project consists of an upgrade to East Logan’s existing telemetry system; construction of a booster station, 24 miles of water distribution main and new master meter stations; the conversion of existing water meters to radio read meters; and the addition of new Geographic Information Systems hardware and software.

East Logan proposes to finance the proposed project through the issuance of \$1,700,000 of Waterworks Revenue Bonds; a United States Department of Agriculture, Rural Development (“RD”) grant in the amount of \$700,000; a Kentucky state grant in the amount of \$200,000; a contribution from the Logan/Todd Regional Water Commission in the amount of \$100,000; and an Applicant contribution in the amount of \$345,000. East Logan has obtained a commitment from RD to purchase the entire bond issuance, which will mature over a 40-year period and have an interest rate not exceeding 4.125 percent per annum.

East Logan's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water districts and the U.S. Department of Agriculture 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 3, 2008, 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. East Logan is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. East Logan's proposed plan of financing the construction project is accepted.
3. East Logan is authorized to issue \$1,700,000 of Waterworks Revenue Bonds at an interest rate not to exceed 4.125 percent per annum.
4. The proceeds from the proposed bond issuance shall be used only for the purposes specified in East Logan's application.
5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, East Logan 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 East Logan's rates for service. East Logan shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.
6. East Logan 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 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, East Logan shall file with the Commission its revised tariffs setting out the rates approved herein.

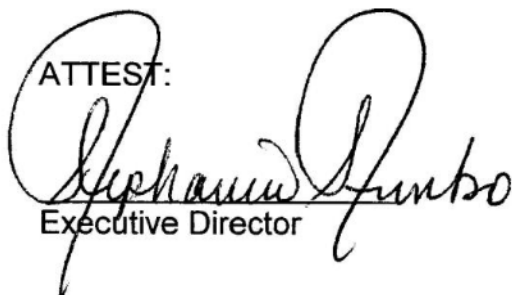
9. East Logan shall notify the Commission one week prior to the actual start of construction and at the 50-percent completion point.

10. Three years from the effective date of this Order, East Logan 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 27th day of June, 2008.

By the Commission

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00201 DATED JUNE 27, 2008

The following rates and charges are prescribed for the customers in the area served by East Logan 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	\$22.01	Minimum Bill
Next	2,000 Gallons	10.45	Per 1,000 Gallons
Next	2,000 Gallons	10.02	Per 1,000 Gallons
Next	4,000 Gallons	8.80	Per 1,000 Gallons
Over	10,000 Gallons	6.40	Per 1,000 Gallons

1" Meter:

First	4,000 Gallons	\$42.91	Minimum Bill
Next	2,000 Gallons	10.02	Per 1,000 Gallons
Next	4,000 Gallons	8.80	Per 1,000 Gallons
Over	10,000 Gallons	6.40	Per 1,000 Gallons

1 1/2 " Meter:

First	6,000 Gallons	\$62.95	Minimum Bill
Next	4,000 Gallons	8.80	Per 1,000 Gallons
Over	10,000 Gallons	6.40	Per 1,000 Gallons

2" Meter:

First	10,000 Gallons	\$98.15	Minimum Bill
Over	10,000 Gallons	6.40	Per 1,000 Gallons