

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MORGAN COUNTY WATER)	
DISTRICT FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO)	CASE NO.
CONSTRUCT, FINANCE AND INCREASE RATES)	2008-00242
PURSUANT TO KRS 278.023)	

O R D E R

On June 30, 2008, Morgan County Water District ("Morgan District") applied for a Certificate of Public Convenience and Necessity to construct a \$2,750,000 waterworks improvement project, approval of its plan of financing, and an adjustment of rates. The proposed project involves the construction and installation of approximately 189,000 linear feet of 3-, 4-, and 6-inch water main and appurtenances. The project will be funded with the proceeds of the issuance of \$1,446,000 of Waterworks Revenue Bonds; a Rural Development ("RD") grant in the amount of \$754,000; an Appalachian Regional Commission grant in the amount of \$500,000; and internal funds of \$50,000.

Morgan 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 the case on June 30, 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:

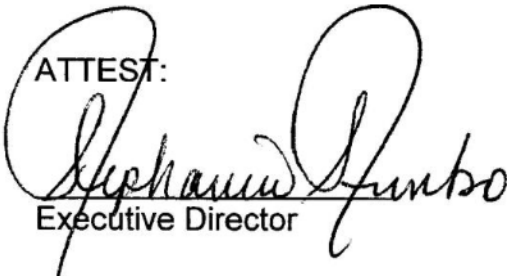
1. Morgan District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Morgan District's proposed plan of financing with RD is accepted.
3. Morgan District is authorized to issue \$1,446,000 of Waterworks Revenue Bonds at an interest rate not to exceed 4.125 percent per annum.
4. Morgan 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 certificated herein.
5. The rates set out in Appendix A are approved for service rendered on and after the date of this Order.
6. Morgan District shall file its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.
7. Morgan District shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.
8. Morgan District shall notify the Commission one week prior to the actual start of construction and at the 50-percent completion point.
9. Three years from the effective date of this Order, Morgan 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 29th day of July, 2008.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00242 DATED JULY 29, 2008

5/8" x 3/4" Meter:

First	2,000 Gallons	\$20.41	Minimum Bill
Next	3,000 Gallons	7.33	Per 1,000 Gallons
Next	5,000 Gallons	6.73	Per 1,000 Gallons
Next	5,000 Gallons	6.13	Per 1,000 Gallons
Over	15,000 Gallons	5.53	Per 1,000 Gallons

1" Meter:

First	5,000 Gallons	\$42.50	Minimum Bill
Next	5,000 Gallons	6.73	Per 1,000 Gallons
Next	5,000 Gallons	6.13	Per 1,000 Gallons
Over	15,000 Gallons	5.53	Per 1,000 Gallons

2" Meter

First	15,000 Gallons	\$105.80	Minimum Bill
Over	15,000 Gallons	5.53	Per 1,000 Gallons

Wholesale Rate:

City of Campton	\$2.85	Per 1,000 Gallons
City of Frenchburg	2.85	Per 1,000 Gallons