

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF TODD COUNTY WATER DISTRICT)
FOR A CERTIFICATE OF PUBLIC CONVENIENCE) CASE NO.
AND NECESSITY TO CONSTRUCT, FINANCE, AND) 2008-00304
INCREASE RATES PURSUANT TO KRS 278.023)

O R D E R

On July 21, 2008, Todd County Water District ("Todd Water") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$2,800,000 waterworks improvement project. This project consists of the construction and installation of approximately 28 miles of 6-inch through 3-inch water mains; a 250,000-gallon elevated water storage tank; radio read meters; and related appurtenances to serve approximately 69 new customers. Project funding consists of a \$1,800,000 loan from the U.S. Department of Agriculture's Rural Development ("RD"); a \$600,000 grant from RD; and a \$400,000 grant from the Kentucky Infrastructure Authority.

Todd Water'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 July 21, 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. Todd Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Todd Water's proposed plan of financing with RD is accepted.

3. Todd Water is authorized to issue its Waterworks Revenue Bonds from the RD loan in the amount of \$1,800,000 at an interest rate not exceeding 4.125 percent per annum, maturing over 40 years.

4. The proceeds from the loan agreement with RD shall be used only for the purposes specified in Todd Water's application.

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

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

8. Todd Water 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 service rendered on and after the date of this Order.

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

11. Three years from the date of this Order, Todd Water 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 August, 2008.

By the Commission

ATTEST:

for the 
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00304 DATED AUGUST 15, 2008

The following rates and charges are prescribed for the customers in the area served by Todd 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-Inch Meter

First	2,000	Gallons	\$19.63	Minimum Bill
Next	8,000	Gallons	10.28	Per 1,000 Gallons
Next	10,000	Gallons	9.16	Per 1,000 Gallons
Next	20,000	Gallons	8.03	Per 1,000 Gallons
All Over	40,000	Gallons	6.66	Per 1,000 Gallons