

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE CUMBERLAND COUNTY)	
WATER DISTRICT FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY TO)	CASE NO.
CONSTRUCT, FINANCE AND INCREASE RATES)	2013-00159
PURSUANT TO KRS 278.023)	

ORDER

Cumberland County Water District (“Cumberland County”) has applied to the Commission for a Certificate of Public Convenience and Necessity for a waterworks construction project, approval of its plan to finance the proposed project, and an adjustment of rates.

Cumberland County proposes to construct approximately 1,300 linear feet of 8-inch polyvinylchloride water main, a 300,000-gallon ground storage tank, and related appurtenances. It also proposes to demolish an existing 150,000-gallon storage tank. The proposed project is needed to meet the increased demand from the community of Marrowbone located west of Burkesville on Kentucky Highway 90. The total cost of the project, including legal and administrative, engineering inspection, and engineering design costs, is \$796,000.

Cumberland County proposes to finance the proposed construction with the proceeds of the issuance and sale of \$487,000 of revenue bonds to Rural Development (“RD”), an agency of the U.S. Department of Agriculture, and an RD grant of \$309,000. The proposed bonds will mature over a 40-year period and accrue interest at a rate not to exceed 2.75 percent per annum. Under the terms of its agreement with RD to

finance the proposed construction, Cumberland County must adjust its rates to the level set forth in the Appendix to this Order. Under these agreed upon rates, the monthly bill of a residential customer who uses 5,000 gallons will increase from \$40.78 to \$49.50, or approximately 21.4 percent.

Cumberland County has submitted its application pursuant to KRS 278.023. Notwithstanding KRS 278.020(1), KRS 278.180, KRS 278.190, and KRS 278.300, KRS 278.023 requires the Commission to accept agreements between water districts and RD regarding construction projects and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements.

KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of the agreement between RD and Cumberland County, or to defer the issuance of all necessary orders to implement the terms of that agreement. It further denies the Commission any authority to reject an application when the evidence of record indicates that a water district's proposed facilities will result in the wasteful duplication of facilities or excessive investment or its proposed rates are unfair, unjust, or unreasonable.

Cumberland County's application met the minimum filing requirements of KRS 278.023 on April 23, 2013. The Commission, therefore, is not able to review this application using the same standards that are used for applications that are not filed pursuant to KRS 278.023.

IT IS THEREFORE ORDERED that:

1. Cumberland County is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Cumberland County's proposed plan of financing is accepted.
3. Cumberland County is authorized to issue \$487,000 of its Waterworks Revenue Bonds at an interest rate not exceeding 2.75 percent per annum maturing over 40 years.
4. The proceeds from the proposed bond issuance shall be used only for the purposes specified in Cumberland County's application.
5. Cumberland County shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.
6. Notwithstanding ordering paragraph 5, if surplus funds remain after the approved construction has been completed, Cumberland County may use such funds to construct additional plant facilities if RD approves of the use, and the additional construction will not result in a change in Cumberland County's rates for service. Cumberland County shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.
7. Cumberland County shall file a copy of the "as-built" drawings and a certified statement from the engineer that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of substantial completion of the construction certified herein.
8. Cumberland County shall require the construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

9. Cumberland County shall notify the Commission in writing one week prior to the actual start of construction and at the 50 percent completion point.

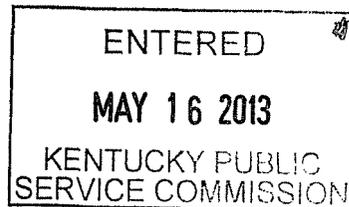
10. The rates set forth in the Appendix to this Order are approved for service that Cumberland County renders on and after the date of this Order.

11. Within 30 days of the date of this Order, and using the Commission's electronic Tariff Filing System, Cumberland County shall file revised tariff sheets with the Commission that set forth the rates contained in the Appendix to this Order.

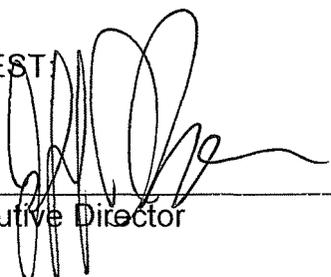
12. Any documents filed in the future pursuant to ordering paragraphs 6, 7, and 9 of this Order shall reference this case number and shall be retained in the utility's general correspondence file.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2013-00159 DATED **MAY 16 2013**

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

First	2,000	Gallons	\$27.00	Minimum Bill
Next	3,000	Gallons	7.50	per 1,000 Gallons
Next	5,000	Gallons	6.50	per 1,000 Gallons
All Over	10,000	Gallons	5.50	per 1,000 Gallons

1-Inch Meter

First	5,000	Gallons	\$49.50	Minimum Bill
Next	5,000	Gallons	6.50	per 1,000 Gallons
All Over	10,000	Gallons	5.50	per 1,000 Gallons

1 1/2-Inch Meter

First	12,500	Gallons	\$95.25	Minimum Bill
All Over	12,500	Gallons	5.50	per 1,000 Gallons

2-Inch Meter

First	25,000	Gallons	\$164.50	Minimum Bill
All Over	25,000	Gallons	5.50	per 1,000 Gallons

Dale Hollow Meter

First	300,000	Gallons	\$1,677.00	Minimum Bill
All Over	300,000	Gallons	5.50	per 1,000 Gallons

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