

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WESTERN ROCKCASTLE)	
WATER ASSOCIATION, INC. FOR A CERTIFICATE)	CASE NO.
OF PUBLIC CONVENIENCE AND NECESSITY TO)	2014-00007
CONSTRUCT AND FINANCE A PROJECT)	
PURSUANT TO THE PROVISIONS OF KRS 278.023)	

ORDER

Western Rockcastle Water Association, Inc. (“Western Rockcastle Association”) has applied to the Commission for a Certificate of Public Convenience and Necessity for a waterworks construction project and for approval of its plan to finance the proposed project.

Western Rockcastle Association proposes the installation of approximately 13,700 linear feet of three-inch and four-inch polyvinyl chloride water line and appurtenances, the rehabilitation of four existing ground water storage tanks, and the replacement of an existing booster pumping station. The total cost of the project, including construction costs, legal and administrative costs, engineering costs, interest, grant administration costs, and contingencies, is \$975,000.

Western Rockcastle Association proposes to finance the total cost of the proposed construction through the issuance of a \$625,000 promissory note to Rural Development (“RD”) and an RD grant in the amount of \$350,000. The proposed \$625,000 note will mature over a 40-year period and will accrue interest at a rate not to exceed 2.75 percent per annum.

Western Rockcastle Association 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 associations 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 Western Rockcastle Association, 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 that its proposed rates are unfair, unjust, or unreasonable.

Western Rockcastle Association's application met the minimum filing requirements of KRS 278.023 on January 3, 2014. 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. Western Rockcastle Association is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Western Rockcastle Association's proposed plan of financing is accepted.
3. Western Rockcastle Association is authorized to issue to RD a promissory note that does not exceed the amount of \$625,000, that matures over a 40-year period, and that accrues interest at a rate not to exceed 2.75 percent per annum.
4. The proceeds from the proposed promissory note shall be used only for the purposes specified in Western Rockcastle Association's application.

5. Notwithstanding ordering paragraph 4, if surplus funds remain after the approved construction has been completed, Western Rockcastle Association may use such surplus to construct additional plant facilities if RD approves of the use and the additional construction will not result in a change in Western Rockcastle Association's rates for service. Western Rockcastle Association shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 4.

6. Western Rockcastle Association 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.

7. Western Rockcastle Association 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.

8. Western Rockcastle Association shall notify the Commission, in writing, one week prior to the actual start of construction and at the 50 percent completion point.

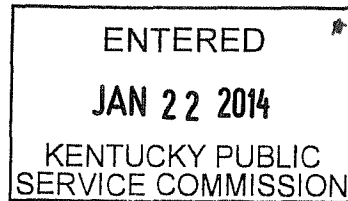
9. Within 30 days of the date of the issuance of the proposed promissory note to RD, Western Rockcastle Association shall file with the Commission a copy of such note and any documents referenced in that note that have not previously been filed with the Commission.

10. Any documents filed in the future pursuant to ordering paragraphs 5, 6, 8, and 9 of this Order shall reference this case number and shall be retained in the utility's general correspondence file.

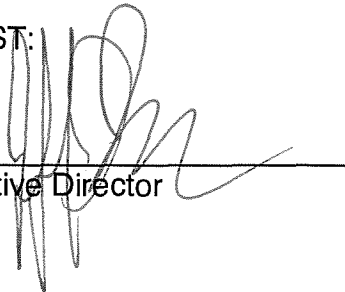
11. The Executive Director is delegated authority to grant reasonable extensions of time for the filing of any documents required by this Order upon Western Rockcastle Association's showing of good cause for such extension.

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

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