

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE MORGAN COUNTY)
WATER DISTRICT, A WATER DISTRICT ORGANIZED)
PURSUANT TO CHAPTER 74 OF THE KENTUCKY)
REVISED STATUTES IN MORGAN COUNTY, KENTUCKY,)
FOR (1) A CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY AUTHORIZING AND PERMITTING)
SAID WATER DISTRICT TO CONSTRUCT WATER)
DISTRIBUTION SYSTEM IMPROVEMENTS, CONSISTING)
OF THE PHASE III PROJECT HEREINAFTER)
IDENTIFIED; (2) THE APPROVAL OF THE PROPOSED)
PLAN OF FINANCING FOR SAID PHASE III; AND)
(3) THE APPROVAL OF RATES AND CHARGES FOR)
WATER SERVICE SUPPLIED BY THE DISTRICT)

CASE NO.
95-198

O R D E R

On May 1, 1995, Morgan County Water District ("Morgan Water") filed an application for a Certificate of Public Convenience and Necessity to construct a \$1,203,200 waterworks improvement project, for approval of its plan of financing for this project, and for adjustments to its water service rates. This project will provide service to 148 additional customers. Project funding includes a \$375,000 bond issue to be purchased pursuant to an agreement with the U. S. Department of Agriculture's Rural Economic and Community Development ("RECD"), formerly known as Farmers Home Administration, a \$583,200 grant from RECD, and a \$245,000 grant from the Appalachian Regional Commission ("ARC").

Morgan 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 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 May 1, 1995, 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 Water is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Morgan Water's proposed plan of financing with RECD and ARC is accepted.

3. Morgan Water is authorized to issue bonds not to exceed \$375,000 to be held or insured by RECD.

4. Morgan 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 certificated herein.

5. 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.

6. Morgan Water shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

7. Morgan 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

falls outside the requirements of 807 KAR 5:066, Section 5(1), Morgan Water shall take immediate action to bring the system into compliance with Commission regulations.

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 31st day of May, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 95-198 DATED MAY 31, 1995.

The following rates and charges are prescribed for the customers in the area served by Morgan County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

A monthly surcharge of \$5.35 will be collected from each of the new users located on the line extension. This surcharge may be dropped after the total number of users on the line reaches 268. RDA may consent to a reduction or phase out of the surcharge with less customers if the District can show adequate cash flow. RDA's consent must be in writing.