

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE FLEMING COUNTY)
WATER ASSOC., INC., A NONPROFIT)
CORPORATION OF 205 COURT SQUARE,)
FLEMINGSBURG, FLEMING COUNTY, 41041,)
FOR (1) A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY, AUTHORIZING) CASE NO. 10318
AND PERMITTING SAID WATER ASSOCIATION)
TO CONSTRUCT ADDITIONAL WATER)
DISTRIBUTION SYSTEM LINES TO SERVE)
WATER TO 136 NEW MEMBERS OF THE)
ASSOCIATION: (2) APPROVAL OF THE)
PROPOSED PLAN OF FINANCING SAID PROJECT.)

O R D E R

On July 18, 1988, Fleming Water Association, Inc. ("Fleming Water"), filed an application for a certificate of public convenience and necessity to construct a \$764,400 waterworks improvement project, and for approval of its plan of financing for this project. Fleming Water's application was made pursuant to KRS 278.023 which requires the Commission to approve the application within 30 days of satisfactory completion of the minimum filing requirements.

This project will provide service to 136 additional customers. Project funding includes a \$300,000 loan from the Farmers Home Administration ("FmHA"), a \$410,000 grant from the FmHA, and \$54,400 from applicants for service in the proposed project area. The loan will be for a 40-year period at an interest rate of 5 3/4 percent per annum.

The president of Fleming Water certifies that reliable and adequate service can be maintained throughout the expanded system after completion of the proposed construction. The Commission reminds Fleming Water of its obligation to provide adequate and reliable service to all of its customers. The adequacy of the expanded water distribution system after construction should be monitored. 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 6(1), Fleming Water must take necessary actions to maintain the level of service in conformance with the regulations of the Commission.

On review of the record and being advised, the Commission finds:

1. Pursuant to KRS 278.023, the Commission has no discretionary authority to modify or reject any portion of this application. The application must be approved if the minimum filing requirements have been satisfactorily completed.

2. The minimum filing requirements were met in this case on October 31, 1988. Fleming Water's president has certified that the project has been designed to meet the construction and operating standards set out in the Commission's regulations.

3. Fleming Water should monitor the adequacy 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 6(1), Fleming Water should take immediate action to bring the system into compliance with the Commission's regulations.

4. Fleming Water should be granted a certificate of public convenience and necessity for the proposed construction project. The proposed construction financing plan with FMHA should also be approved.

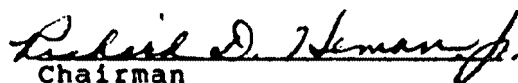
5. Fleming Water should require the engineer to furnish within 60 days of the date of substantial completion of this construction a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

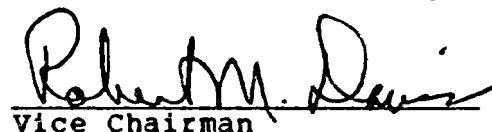
BE IT SO ORDERED.

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 16th day of November, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director