

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MOUNTAIN WATER)
DISTRICT OF PIKE COUNTY, KENTUCKY,)
FOR ORDER APPROVING CONSTRUCTION)
FINANCING, CERTIFICATE OF PUBLIC) CASE NO. 89-180
CONVENIENCE AND NECESSITY, AND)
INCREASED RATES)

O R D E R

On June 27, 1989, Mountain Water District ("Mountain Water") filed an application for a Certificate of Public Convenience and Necessity to construct a \$1,550,000 waterworks improvement project, for approval of its plan of financing for this project, and for adjustments to its water service rates. Mountain 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 950 additional customers. Project funding includes a \$1,500,000 loan from the Farmers Home Administration ("FmHA"), and \$50,000 from applicants for service in the proposed project area. The loan will be for a 40-year period at an interest rate of 7.5 percent per annum.

The chairman of Mountain Water certifies that reliable and adequate service can be maintained throughout the expanded system after completion of the proposed construction. The Commission reminds Mountain 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), Mountain 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 June 27, 1989. Mountain Water's chairman has certified that the project has been designed to meet the construction and operating standards set out in the Commission's regulations.

3. Mountain 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), Mountain Water should take immediate action to bring the system into compliance with the Commission's regulations.

4. Mountain 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. Mountain Water should file with the Commission, within 60 days of the date of substantial completion of this construction, a copy of the "as-built" drawings and a certified statement from its engineer that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

6. The rates set out in Appendix A, attached and incorporated hereto, are the rates approved for Mountain Water for services rendered on and after the date of this Order.

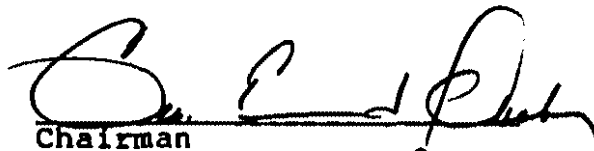
7. Mountain Water should file its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

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 26th day of July, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:

Executive Director


Commissioner

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 89-180 DATED 7/26/89

The following rates and charges are prescribed for the customers in the area served by Mountain 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.

Monthly Rates

5/8 x 3/4 Inch

First 2,000 gallons	\$13.00 Minimum Bill
Over 2,000 gallons	3.00 per 1,000 gallons

1 Inch

First 15,000 gallons	\$52.00 Minimum Bill
Over 15,000 gallons	3.00 per 1,000 gallons

2 Inch

First 50,000 gallons	\$157.00 Minimum Bill
Over 50,000 gallons	3.00 per 1,000 gallons

3 Inch

First 75,000 gallons	\$232.00 Minimum Bill
Over 75,000 gallons	3.00 per 1,000 gallons

4 Inch

First 100,000 gallons	\$307.00 Minimum Bill
Over 100,000 gallons	3.00 per 1,000 gallons

6 Inch

First 150,000 gallons	\$457.00 Minimum Bill
Over 150,000 gallons	3.00 per 1,000 gallons

Wholesale Rate for Nelson Public Service District
All Usage is \$1.31 per 1,000 gallons

Wholesale Rate for City of Pikeville
All Usage is \$1.31 per 1,000 gallons