

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SOUTH CUMBERLAND)	
WATER DISTRICT OF CUMBERLAND AND CLINTON)	
COUNTIES, KENTUCKY, FOR ORDER APPROVING)	CASE NO.
CONSTRUCTION FINANCING AND CERTIFICATE)	89-194
OF PUBLIC CONVENIENCE AND NECESSITY)	

O R D E R

On July 12, 1989, South Cumberland Water District ("South Cumberland") filed an application for a Certificate of Public Convenience and Necessity to construct a \$237,410 waterworks improvement project and for approval of its plan of financing for this project. South Cumberland'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 25 additional customers. Project funding includes a \$92,000 loan from the Farmers Home Administration ("FmHA"), a \$127,500 grant from FmHA, \$4,500 from applicants for service in the proposed project area, and \$13,410 from other funds. The loan will be for a 40-year period at an interest rate of 5 percent per annum.

The chairman of South Cumberland certifies that reliable and adequate service can be maintained throughout the expanded system after completion of the proposed construction. The Commission reminds South Cumberland 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), South Cumberland 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 have been met in this case on July 12, 1989. South Cumberland'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. South Cumberland 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), South Cumberland should take immediate action to bring the system into compliance with the Commission's regulations.

4. South Cumberland 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.

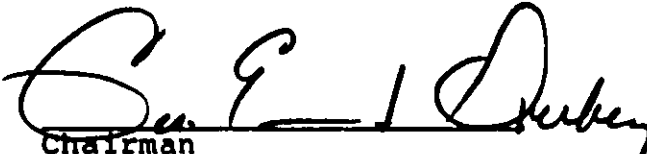
5. South Cumberland should file with the Commission, within 60 days of the date of substantial completion of this construction, a copy of the "as-built" drawings and a certified statement from its engineer that the construction has been satisfactorily completed in accordance with the contract plans and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


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 21st day of July, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director