

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF POWELL'S VALLEY WATER)
DISTRICT OF POWELL AND ESTILL COUNTIES,)
KENTUCKY, FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO CONSTRUCT)
FINANCE AND INCREASE RATES PURSUANT TO)
KRS 278.023)

CASE NO.
94-180

O R D E R

On May 2, 1994, Powell's Valley Water District ("Powell's Valley") filed an application for a Certificate of Public Convenience and Necessity to construct a \$2,090,100 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 292 additional customers. Project funding includes a \$1,091,000 bond issue to be purchased pursuant to an agreement with Farmers Home Administration ("FmHA"), a \$549,600 grant from FmHA, a \$280,000 Appalachian Regional Commission grant, a \$99,500 Rural Business Enterprise grant, and \$70,000 from applicants for service in the proposed project area. The bonds will be financed for a 40-year period from the date of the bond at an interest rate of 5 percent per annum.

Powell's Valley's application was made pursuant to KRS 278.023 which requires the Commission to accept agreements between water districts and FmHA and to issue the necessary order 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 2, 1994, 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. Powell's Valley is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Powell's Valley's proposed plan of financing with FmHA is accepted.

3. Powell's Valley is authorized to issue bonds not to exceed \$1,091,000 to be held or insured by FmHA.

4. Powell's Valley 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. Powell's Valley shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

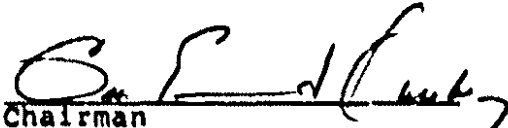
7. Powell's Valley shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section

5(1), Powell's Valley 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 23rd day of May, 1994.

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. 94-180 DATED May 23, 1994.

The following rates and charges are prescribed for the customers in the area served by Powell's Valley 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

First 2,000 gallons	\$ 11.97 (Minimum Bill)
Next 2,000 gallons	5.32 per 1,000 gallons
Next 2,000 gallons	4.07 per 1,000 gallons
Over 6,000 gallons	4.13 per 1,000 gallons