

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTH MERCER WATER)
DISTRICT OF MERCER AND WASHINGTON COUNTIES,)
KENTUCKY, FOR A CERTIFICATE OF PUBLIC) CASE NO.
CONVENIENCE AND NECESSITY TO CONSTRUCT) 94-213
AND FINANCE PURSUANT TO THE PROVISIONS OF)
KRS 278.023)

O R D E R

On May 24, 1994, North Mercer Water District ("North Mercer") filed an application for a Certificate of Public Convenience and Necessity to construct a \$1,078,000 waterworks improvement project and for approval of its plan of financing for this project. This project will provide service to 223 additional customers. Project funding includes a \$439,000 bond issue to be purchased pursuant to an agreement with Farmers Home Administration ("FmHA"), a \$539,000 grant from FmHA, and \$100,000 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.

North Mercer'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 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 24, 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. North Mercer is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. North Mercer's proposed plan of financing with FmHA is accepted.

3. North Mercer is authorized to issue bonds not to exceed \$439,000 to be held or insured by FmHA.

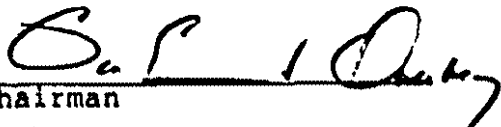
4. North Mercer shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. North Mercer 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), North Mercer shall take immediate action to bring the system into compliance with Commission regulations.

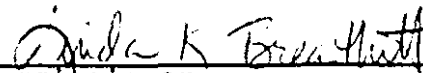
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 9th day of June, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director