

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CALDWELL COUNTY WATER)	
DISTRICT OF CALDWELL COUNTY, KENTUCKY,)	CASE NO.
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND)	96-110
NECESSITY TO CONSTRUCT AND FINANCE PURSUANT)	
TO THE PROVISIONS OF KRS 278.023)	

O R D E R

On March 22, 1996, Caldwell County Water District ("Caldwell Water") filed an application for a Certificate of Public Convenience and Necessity to construct a \$1,652,500 waterworks improvement project and for approval of its plan of financing for this project. This project will provide service to 142 additional customers. Project funding includes a \$900,000 bond issue to be purchased pursuant to an agreement with the U. S. Department of Agriculture's Rural Utilities Service ("RUS"), formerly known as the Rural Economic and Community Development Service, a \$685,000 grant from RUS, and \$67,500 from applicants for service in the proposed project area.

Caldwell Water's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U. S. Department of Agriculture or the U. S. Department of Housing and Urban Development 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 March 22, 1996, 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. Caldwell Water is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Caldwell Water's proposed plan of financing with RUS is accepted.

3. Caldwell Water is authorized to issue bonds not to exceed \$1,652,500.

4. Caldwell Water 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.

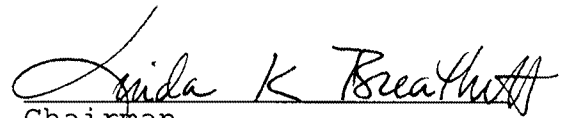
5. Caldwell Water shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 5(1), Caldwell Water shall take immediate action to bring the system in compliance with Commission regulations.

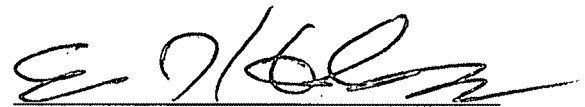
6. Caldwell Water shall monitor its financial position and in the event that its existing rates are inadequate to support its expanded operations shall take the appropriate steps necessary to remedy the situation.

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 18th day of April, 1996.

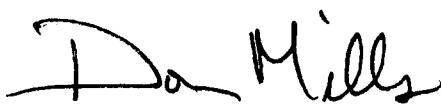
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director