

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SOUTH EASTERN WATER)	
ASSOCIATION, INC., OF PULASKI COUNTY,)	
KENTUCKY, FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY TO CONSTRUCT,)	97-017
FINANCE AND INCREASE RATES PURSUANT TO)	
KRS 278.023)	

O R D E R

On January 10, 1997, South Eastern Water Association, Inc. ("South Eastern") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$1,206,900 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 172 additional customers. Project funding includes a \$415,100 bond issue to be purchased pursuant to an agreement with the U. S. Department of Agriculture's Rural Development ("RD") formerly known as the Rural Economic and Community Development Service, a \$501,800 grant from RD, a \$250,000 grant from the Appalachian Regional Commission ("ARC"), and \$40,000 from applicants for service in the proposed project area.

South Eastern'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 January 23, 1997, 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. South Eastern is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. South Eastern's proposed plan of financing with RD is accepted.

3. South Eastern is authorized to issue bonds not to exceed \$415,100.

4. South Eastern 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.

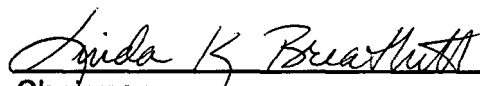
6. South Eastern shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.


7. South Eastern 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), South Eastern 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 4th day of February, 1997.

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. 97-017 DATED FEBRUARY 4, 1997

The following rates and charges are prescribed for the customers in the area served by South Eastern Water Association, Inc. 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	\$11.00	Minimum Bill
All Over	2,000	Gallons	4.66	Per 1,000 Gallons