

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MARION COUNTY WATER DISTRICT,)
MARION, NELSON AND WASHINGTON COUNTIES,)
KENTUCKY, (1) FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY AUTHORIZING) CASE NO.
CONSTRUCTION OF MAJOR IMPROVEMENTS AND) 98-085
ADDITIONS TO ITS EXISTING MUNICIPAL WATER)
DISTRIBUTION SYSTEM, AND (2) SEEKING APPROVAL OF)
THE ISSUANCE OF CERTAIN SECURITIES)

O R D E R

On February 11, 1998, Marion County Water District ("Marion District") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$727,400 waterworks improvement project and for approval of its plan of financing for this project. This project will provide service to 81 additional customers. Project funding is a \$249,000 bond issue to be purchased pursuant to an agreement with the U. S. Department of Agriculture's Rural Development ("RD"), a \$163,000 grant from the RD, a \$302,000 Community Development Block Grant ("CDBG"), and a \$13,400 contribution from the Applicant.

Marion District'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 February 11, 1998, 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. Marion District is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Marion District's proposed plan of financing with RD is accepted.

3. Marion District is authorized to issue bonds not to exceed \$249,000.

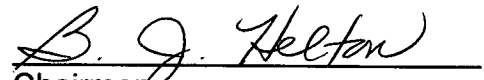
4. Marion District shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

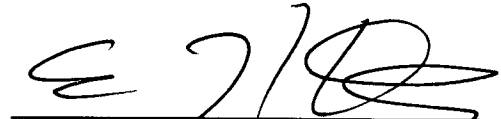
5. Marion District shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 5(1), Marion District shall take immediate action to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

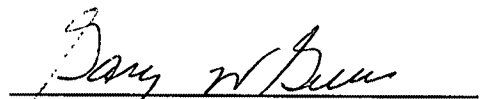
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 12th day of March, 1998.

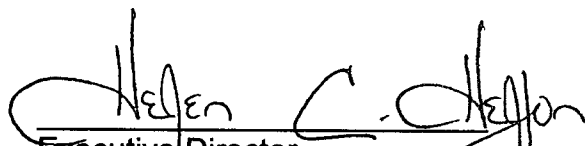
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director