

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE ADAIR COUNTY WATER)	
DISTRICT, A WATER DISTRICT ORGANIZED PURSUANT TO)	
CHAPTER 74 OF THE KENTUCKY REVISED STATUTES, IN)	
ADAIR COUNTY, KENTUCKY, FOR (1) A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY, AUTHORIZING)	
AND PERMITTING SAID WATER DISTRICT TO CONSTRUCT)	CASE NO.
WATER DISTRIBUTION SYSTEM IMPROVEMENTS,)	98-245
CONSISTING OF THE INSTALLATION OF 84,000 FEET OF)	
SIX INCH WATER LINE, 75,400 FEET OF FOUR INCH WATER)	
LINE, AND 172,500 FEET OF THREE INCH WATER LINE TO)	
SERVE 299 NEW CUSTOMERS AND (2) APPROVAL OF THE)	
PROPOSED PLAN OF FINANCING OF SAID PROJECT)	

O R D E R

On May 29, 1998, Adair County Water District ("Adair Water") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$1,709,000 waterworks improvement project and for approval of its plan of financing for this project. This project will provide service to 299 additional customers. Project funding is a \$427,000 bond issue to be purchased pursuant to an agreement with the U.S. Department of Agriculture's Rural Development ("RD"), a \$384,000 grant from the RD, a \$850,000 Community Development Block Grant ("CDBG"), and a \$48,000 contribution from the Applicant.

Adair 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 May 29, 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. Adair Water is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Adair Water's proposed plan of financing with RD is accepted.
3. Adair Water is authorized to issue bonds not to exceed \$427,000.
4. Adair 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. Adair 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), Adair Water shall take immediate action to bring the system into compliance with Commission regulations.

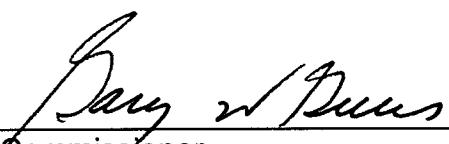
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

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

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director