

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ALLEN COUNTY WATER)	
DISTRICT OF ALLEN COUNTY, KENTUCKY FOR A)	CASE NO.
CERTIFICATE OF PUBLIC CONVENIENCE AND)	98-493
NECESSITY TO CONSTRUCT AND FINANCE)	
PURSUANT TO THE PROVISIONS OF KRS 278.023)	

O R D E R

On September 15, 1998, Allen County Water District ("Allen Water") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$3,128,000 waterworks improvement project and for approval of its plan of financing for this project. This project will provide a connection to an additional water source. Project funding is a \$1,988,000 bond issue to be purchased pursuant to an agreement with the U.S. Department of Agriculture's Rural Development ("RD"), a \$990,000 grant from the RD, and a \$150,000 contribution from the Applicant.

Allen 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 September 15, 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. Allen Water is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Allen Water's proposed plan of financing with RD is accepted.

3. Allen Water is authorized to issue bonds not to exceed \$1,988,000.

4. Allen 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.

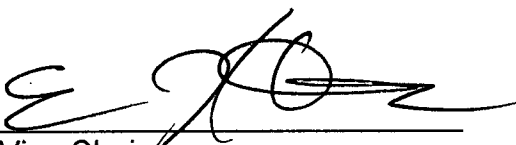
5. Allen Water shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 5(1), Allen Water shall take immediate action to bring 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 1st day of October, 1998.

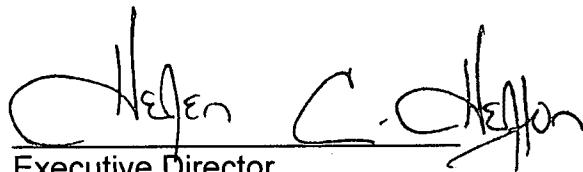
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director