

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF RATTLESNAKE RIDGE)	
WATER DISTRICT FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY TO)	CASE NO.
CONSTRUCT AND FINANCE PURSUANT TO THE)	2001-015
PROVISIONS OF KRS 278.023)	

O R D E R

On January 19, 2001, Rattlesnake Ridge Water District ("Rattlesnake Ridge Water") submitted an application for a Certificate of Public Convenience and Necessity to construct and finance a \$3,471,000 waterworks improvement project. This project consists of the construction and installation of approximately 78 miles of water distribution lines to provide water service to approximately 430 new rural customers. Also included in the project is the construction of one new booster pump station, three upgraded pump stations, a 100,000 gallon elevated water storage tank, and a complete telemetry system for the entire distribution system. Rattlesnake Ridge Water proposes to finance the construction of the project through the issuance of \$960,000 of its Waterworks Revenue Bonds, consisting of \$900,000 of Series A Bonds and \$60,000 of Series B Bonds; a grant from the U.S. Department of Agriculture's Rural Development ("RD") in the amount of \$860,000; a grant from the Appalachian Regional Commission in the amount of \$250,000; a State Surplus grant in the amount of \$325,000; a Community Development Block Grant in the amount of \$996,000; and a contribution

from the applicant in the amount of \$80,000. The applicant has a commitment from the RD to purchase said \$960,000 of bonds maturing over a 40-year period, at an interest rate not exceeding 3.25 percent per annum as to the Series A Bonds and 4.50 percent per annum as to the Series B Bonds.

Rattlesnake Ridge 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 January 19, 2001, 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. Rattlesnake Ridge Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Rattlesnake Ridge Water's proposed plan of financing with RD is accepted.
3. Rattlesnake Ridge Water is authorized to issue bonds not to exceed \$960,000.
4. Rattlesnake Ridge 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. Rattlesnake Ridge Water shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

6. Rattlesnake Ridge 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 is outside the requirements of 807 KAR 5:066, Section 5(1), Rattlesnake Ridge Water shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

7. Three years from the effective date of this Order, Rattlesnake Ridge Water shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

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 29th day of January, 2001.

By the Commission

ATTEST:


Executive Director