

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ROWAN WATER, INC. OF)	
ROWAN COUNTY, KENTUCKY, FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE AND)	CASE NO.
NECESSITY TO CONSTRUCT, FINANCE AND)	2001-072
INCREASE RATES PURSUANT TO KRS 278.023)	

O R D E R

On March 27, 2001, Rowan Water, Inc. ("Rowan Water") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$359,000 waterworks construction project. This project consists of the installation of approximately 600 linear feet of 12-inch water main, 6,670 linear feet of 8 inch water main, 20 linear feet of 4-inch water main, 20 linear feet of 3-inch water main, and 40 linear feet of 2-inch water main. Rowan Water proposes to finance the construction of the project through a Rural Utilities Service ("RUS") loan in the amount of \$359,000.

Rowan 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 April 23, 2001, KRS 278.023 does not grant the

Commission any discretionary authority to modify or reject any portion of this agreement. Rowan Water proposed to increase its monthly water rates; however, the letter of conditions from RUS showed no increase in rates. The Commission has no evidence in this case that Rowan Water requires rates higher than those currently charged. Therefore, Rowan Water's proposed increase in rates should be denied.

IT IS THEREFORE ORDERED that:

1. Rowan Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Rowan Water's proposed plan of financing with RUS is accepted.

3. Rowan Water is authorized to issue bonds not to exceed \$359,000.

4. Rowan Water's proposed rates are denied. The rates set out in RD's letter of conditions, which are the current rates of Rowan Water, shall remain in effect.

5. Rowan 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.

6. Rowan Water shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

7. Three years from the effective date of this Order, Rowan 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.

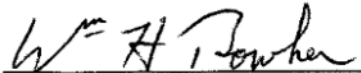
8. Rowan Water shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), Rowan Water shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

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 7th day of May, 2001.

By the Commission

ATTEST:

Deputy 
Executive Director