

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MOUNTAIN WATER)	
DISTRICT FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO CONSTRUCT)	CASE NO.
AND FINANCE PURSUANT TO THE PROVISIONS)	2001-339
OF KRS 278.023)	

O R D E R

On October 16, 2001, Mountain Water District (“Mountain Water”) submitted an application for a Certificate of Public Convenience and Necessity to construct and finance a \$6,123,000 waterworks construction project. This project, Fedscreek Mouthcard Water Supply Project, Phase I, Contract 1A, consists of the construction and installation of a new 2.0 MGD water treatment plant and intake at the confluence of Harless Creek and Russell Fork approximately 0.5 miles upstream of the existing water treatment plant. Mountain Water proposes to finance the construction of the project through:

- The issuance of \$800,000 of its Waterworks Revenue Bonds. Mountain Water has a commitment from Rural Development (“RD”) to purchase said bonds maturing over a 40-year period, at an interest rate not exceeding 3.25 percent per annum.
- An RD Grant in the amount of \$400,000.
- An Appalachian Regional Commission grant in the amount of \$500,000.

- A Coal Severance Tax grant in the amount of \$2,000,000.
- An Abandoned Mines Land grant in the amount of \$642,200.
- A Coal Severance Tax (Mountain Water District Dedicated Fund) grant in the amount of \$535,000.
- A Kentucky Infrastructure Authority loan in the amount of \$1,197,700.
- An Applicant contribution in the amount of \$48,100.

Mountain 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 October 16, 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. Mountain Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Mountain Water's proposed plan of financing with RD is accepted.
3. Mountain Water is authorized to issue bonds not to exceed \$800,000.
4. Mountain 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. Mountain Water shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

6. Three years from the effective date of this Order, Mountain 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.

7. Mountain 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), Mountain 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 5th day of November, 2001.

By the Commission

ATTEST:


Executive Director