

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF JUDY WATER)
ASSOCIATION, INC. FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY TO) CASE NO. 2004-00039
CONSTRUCT AND FINANCE PURSUANT TO)
THE PROVISIONS OF KRS 278.023)

ORDER

On February 25, 2004, Judy Water Association, Inc. ("Judy Water") applied for a Certificate of Public Convenience and Necessity to construct a \$2,222,000 waterworks improvement project and for approval of its plan of financing for this project. This project, which will provide water service to approximately 157 new customers, involves the construction of approximately 24 miles of water transmission mains from 3 to 6 inches in diameter, a booster pump station, two 120,000 gallon elevated water storage tanks and related appurtenances. It will be funded with a \$695,300 loan and a \$569,000 grant from the U.S. Department of Agriculture's Rural Development ("RD"), a Community Development Block Grant of \$573,000, a Kentucky Infrastructure Authority grant of \$315,400, a \$50,400 contribution from the Bourbon County Fiscal Court, and new customer connection fees totaling \$18,900.

Judy Water applied pursuant to KRS 278.023, which requires the Commission to accept agreements between water associations and the U. S. Department of Agriculture or the U. S. Department of Housing and Urban Development involving construction projects 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 February 25, 2004, the Commission lacks any discretionary authority to modify or reject any portion of this agreement. See KRS 278.023(3).

IT IS THEREFORE ORDERED that:

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

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

3. Judy 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.

4. Judy 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), Judy Water shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

5. Judy Water shall notify the Commission in writing 7 days prior to the actual start of construction and at the 50 percent completion point.

6. Judy Water is authorized to borrow from RD an amount no greater \$695,000 at a rate of interest not to exceed that set forth in RD's Letter of Conditions dated August 6, 2003.

7. Judy Water shall use the proceeds from the loan authorized herein only for the purpose of financing the proposed project.

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 24th day of March, 2004.

By the Commission

ATTEST:


Executive Director