

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CAWOOD WATER	)	
DISTRICT FOR A CERTIFICATE OF PUBLIC	)	
CONVENIENCE AND NECESSITY TO	)	CASE NO.
CONSTRUCT, FINANCE AND INCREASE RATES	)	2004-00071
PURSUANT TO KRS 278.023	)	

O R D E R

On March 2, 2004, Cawood Water District (“Cawood District”) submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$2,020,000 waterworks improvement project. This project consists of the installation of approximately 17 miles of 6-inch through 3-inch water transmission mains, a booster pumping station, 53,000-gallon stand pipe, radio telemetry, and related appurtenances to provide service to approximately 300 new customers. Project funding consists of a \$350,000 loan from the U.S. Department of Agriculture’s Rural Development (“RD”), a \$350,000 grant from the RD, a \$225,000 grant from the Appalachian Regional Commission, a \$500,000 State of Kentucky Surplus grant, a \$50,000 State of Kentucky Coal Severance Tax grant, a \$500,000 contribution from the Harlan County Fiscal Court, and a \$45,000 contribution from the applicant.

Cawood District’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 the case on March 2, 2004, 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. Cawood District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Cawood District's proposed plan of financing is accepted.
3. Cawood District is authorized to issue bonds not to exceed \$350,000 at an interest rate not exceeding 4.50 percent per annum over a period not to exceed 40 years.
4. Cawood District 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. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.
6. Within 30 days of the date of this Order, Cawood District shall file with the Commission its revised tariffs setting out the rates approved herein.
7. Cawood District shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.
8. Cawood District shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

9. Three years from the effective date of this Order, Cawood District 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 31<sup>st</sup> day of March, 2004.

By the Commission

ATTEST:

  
Executive Director

Case No. 2004-00071

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2004-00071 DATED MARCH 31, 2004

The following rates and charges are prescribed for the customers in the area served by Cawood Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates – Path Fork Area

First	2,000 gallons	\$17.60 Minimum bill
Next	8,000 gallons	6.69 per 1,000 gallons
Over	10,000 gallons	5.09 per 1,000 gallons