

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KIRKSVILLE WATER)	
ASSOCIATION REQUESTING: (1) A CERTIFICATE)	
OF PUBLIC CONVENIENCE AND NECESSITY)	
AUTHORIZING CONSTRUCTION OF MAJOR)	CASE NO.
ADDITIONS AND IMPROVEMENTS TO ITS WATER)	2004-00115
SYSTEM; (2) SEEKING APPROVAL OF FINANCING)	
PURSUANT TO KRS 278.023)	

O R D E R

On March 29, 2004, Kirksville Water Association (“Kirksville Water”) submitted an application for a Certificate of Public Convenience and Necessity to construct and finance a \$357,700 waterworks improvement project. The project consists of the construction and installation of approximately 7 miles of water line for the purpose of expanding service to provide an adequate supply of water for 25 new users within Kirksville Water's service area.

Kirksville Water proposes to finance the construction of the project through a United States Department of Agriculture (“USDA”) Rural Development (“RD”) loan in the amount of \$100,000, an RD Grant in the amount of \$116,400, a Kentucky Infrastructure Authority 2020 Grant in the amount of \$125,000, and an applicant contribution in the amount of \$16,300.

Kirksville Water’s application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the USDA 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 March 29, 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. Kirksville Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

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

3. Kirksville Water shall file with the Commission 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. Kirksville Water shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

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

6. Kirksville 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 Administrative Regulation 807 KAR 5:066, Section 5(1), Kirksville Water shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

7. 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.

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 23rd day of April, 2004.

By the Commission

ATTEST:


Executive Director

Case No. 2004-00115

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00115 DATED April 23, 2004

The following rates and charges are prescribed for the customers in the area served by Kirksville Water Association. 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.

First	2,000 gallons @ \$14.78 – Minimum Bill
Next	5,000 gallons @ \$ 7.07 – per 1,000 gallons
Next	3,000 gallons @ \$ 5.74 – per 1,000 gallons
All Over	10,000 gallons @ \$ 4.46 – per 1,000 gallons