

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE MOUNTAIN WATER)	
DISTRICT FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO CONSTRUCT)	CASE NO.
AND FINANCE PURSUANT TO THE PROVISIONS)	2004-00130
OF KRS 278.023)	

O R D E R

On April 13, 2004, Mountain Water District ("Mountain District") submitted an application for a Certificate of Public Convenience and Necessity to construct and finance a \$1,760,000 waterworks improvement project. The project consists of the purchase and installation of a remote meter reading system to facilitate the reading of 14,000 water meters within the District's boundaries.

Mountain District proposes to finance the project through the issuance of \$1,760,000 of its Water Revenue Bonds. Mountain District has a commitment from the United States Department of Agriculture ("USDA"), acting through Rural Development ("RD"), to purchase said \$1,760,000 of bonds maturing over a 15-year period, at an interest rate not exceeding 4.5 percent per annum.

Mountain District'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 April 13, 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. Mountain District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Mountain District is authorized to issue Water System Revenue Bonds, in the amount of \$1,760,000 maturing over 15 years and at an interest rate not exceeding 4.5 percent per annum.

3. The proceeds from the revenue bond issuance shall be used only for the purposes specified in Mountain District's application.

4. Notwithstanding Ordering Paragraph 3, if surplus funds remain after the approved construction has been completed, Mountain District may use such surplus to construct additional plant facility if RD approves of the use and the additional construction will not result in a change in Mountain District's rates for service. Mountain District shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

5. Mountain District shall file 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. Mountain District 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, Mountain District shall file 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.

Nothing contained herein shall be deemed a warranty on the part of the Commonwealth of Kentucky, or any agency thereof, as to the financing authorized herein.

Done at Frankfort, Kentucky, this 28th day April, 2004.

By the Commission

ATTEST:


Executive Director

Case No. 2004-00130