

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CUMBERLAND FALLS)	
HIGHWAY WATER DISTRICT FOR A CERTIFICATE)	
OF PUBLIC CONVENIENCE AND NECESSITY TO)	CASE NO.
CONSTRUCT, FINANCE AND INCREASE RATES)	2005-00043
PURSUANT TO KRS 278.023)	

O R D E R

On January 25, 2005, Cumberland Falls Highway Water District (“Cumberland Falls District”) submitted an application for a Certificate of Public Convenience and Necessity to construct a \$2,446,000 waterworks improvement project, to obtain an approval of the proposed plan of financing, and to increase rates.

Cumberland Falls District states the project consists of the construction and installation of approximately 150,000 feet of 3-inch and 4-inch water lines and appurtenances, a master meter and pump station, and a 25,000-gallon storage tank.

Cumberland Falls District proposes to finance the construction through a United States Department of Agriculture-Rural Development (“USDA-RD”) program by issuing \$1,415,000 of its Waterworks Revenue Bonds, a USDA-RD Grant in the amount of \$386,000, an Appalachian Regional Commission (“ARC”) grant in the amount of \$400,000, a Coal Development Severance Fund grant in the amount of \$200,000, and an applicant contribution of \$45,000. Cumberland Falls District has a commitment from USDA-RD to purchase said \$1,415,000 of bonds maturing over a 40-year period, at an interest rate not exceeding 4.25 percent per annum.

Cumberland Falls 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 this case on January 25, 2005, 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. Cumberland Falls District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Cumberland Falls District's proposed plan of financing is accepted.
3. Cumberland Falls District is authorized to issue \$1,415,000 of Water System Revenue Bonds at an interest rate not to exceed 4.25 percent per annum.
4. The proceeds from the loan agreement shall be used only for the purposes specified in Cumberland Falls District's application.
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. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Cumberland Falls District may use such surplus to construct additional plant facility if USDA-RD approves of the use and the additional construction will not result in a change in Cumberland Falls District's rates for

service. Cumberland Falls District shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

7. Cumberland Falls 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.

8. Cumberland Falls District shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

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 February, 2005.

By the Commission

ATTEST:



Executive Director

Case No. 2005-00043

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2005-00043 DATED February 24, 2005

The following rates and charges are prescribed for the customers in the area served by Cumberland Falls Highway 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

5/8 x 3/4 Inch Meter

First	1,000	gallons	\$ 16.70	Minimum bill
Over	1,000	gallons	6.50	per 1,000 gallons

1 Inch Meter

First	5,000	gallons	\$ 42.70	Minimum bill
Over	5,000	gallons	6.50	per 1,000 gallons

2 Inch Meter

First	25,000	gallons	\$ 172.70	Minimum bill
Over	25,000	gallons	6.50	per 1,000 gallons