

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CORINTH WATER )  
DISTRICT FOR A CERTIFICATE OF PUBLIC )  
CONVENIENCE AND NECESSITY TO ) CASE NO. 2005-00172  
CONSTRUCT AND FINANCE PURSUANT TO KRS )  
278.023 )

ORDER

On April 25, 2005, Corinth Water District ("Corinth Water") applied for a Certificate of Public Convenience and Necessity to construct a \$2,290,000 waterworks project and for approval of its plan of financing for this project.

The proposed project involves the installation of approximately 75,000 linear feet of 6-inch water line, 23,000 linear feet of 4-inch water line, and appurtenances. Corinth Water states the project will provide a dependable source of potable water to approximately 132 new customers in Grant and Harrison counties.

Corinth Water proposes to finance the project through the issuance of \$1,532,000 of its Waterworks Revenue Bonds at an interest rate not to exceed 4.375 percent per annum, a Rural Development ("RD") grant in the amount of \$600,000, a Harrison County Fiscal Court contribution in the amount of \$20,000, a Grant County Fiscal Court contribution in the amount of \$75,000, and internal funds in the amount of \$63,000.

Corinth Water'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 April 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. Corinth Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Corinth Water's proposed plan of financing is accepted.

3. Corinth Water is authorized to issue \$1,532,000 of Waterworks Revenue Bonds at an interest rate not to exceed 4.375 percent per annum.

4. The proceeds from the loan agreement with RD shall be used only for the purposes specified in Corinth Water's application.

5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Corinth Water 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 Corinth Water's rates for service. Corinth Water shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. Corinth 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.

7. Corinth Water 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 or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 18<sup>th</sup> day of May, 2005.

By the Commission

ATTEST:



Executive Director