

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ADAIR COUNTY WATER)	
DISTRICT FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO)	CASE NO.
CONSTRUCT WATER DISTRIBUTION SYSTEM)	2008-00480
IMPROVEMENTS AND APPROVAL OF THE)	
PROPOSED PLAN OF FINANCING)	

ORDER

On November 20, 2008, Adair County Water District ("Adair District") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$714,200.68 waterworks improvement project and for approval of its plan of financing for this Phase II project.¹ This project consists of the installation of approximately 16 miles of six-inch, four-inch, and three-inch water transmission mains and related appurtenances to provide service to approximately 75 new customers. Project funding consists of a grant of \$67,741.07 from the U.S. Department of Agriculture's Rural Development ("RD") and a \$646,459.61 appropriation from the 2006 Kentucky General Assembly.²

Adair District's application was made pursuant to KRS 278.023, which requires

¹ In its application, ACWD also seeks an order "ratifying the Commission's Order of December 12, 2007" in Case No. 2007-00473. As the Commission has taken no action to revoke or modify that Order, it continues to remain in effect. Commonwealth ex rel. Stephens v. South Central Bell Tel. Co., 545 S.W. 2d 927 (Ky. 1976)

² See 2006 Ky. Acts, Chapter 252. In Case No. 2007-00195, the Commission approved a plan of financing that involved Adair District's issuance of \$752,000 in revenue bonds to RD; its receipt of a grant of \$550,000 from RD; and its receipt of a grant of \$1,000,000 from the Kentucky Infrastructure Authority ("KIA"). In Case No. 2007-00473, the Commission authorized Adair District to enter into a loan agreement with KIA to borrow \$1,000,000 to be used for a two-phase construction project.

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 November 20, 2008, 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. Adair District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. If surplus funds remain after the approved construction has been completed, Adair 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 Adair District's rates for service. Adair District shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

3. Adair 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.

4. Adair District 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 807 KAR 5:066, Section 5(1), Adair District shall take immediate action to maintain the level of service in conformance

with the regulations of the Commission.

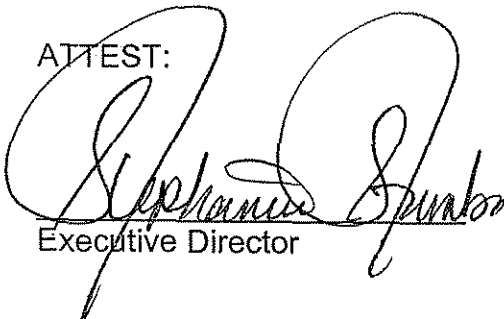
5. Adair District shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

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 22nd day of December, 2008.

By the Commission

ATTEST:



Stephanie Spunbo
Executive Director

Honorable Henry M Reed, III
Attorney at Law
Reed & Johnson Attorneys at Law
2218 Frankfort Avenue
Louisville, KY 40206-2408

Lennon Stone
Adair County Water District
P. O. Box 567
109 Grant Lane
Columbia, KY 42728