

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LAKE VILLAGE WATER)	
ASSOCIATION, INC. FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY FOR)	CASE NO.
A U.S. DEPARTMENT OF AGRICULTURE-)	2009-00263
FUNDED CONSTRUCTION PROJECT IN)	
MERCER COUNTY, KENTUCKY)	

ORDER

On July 7, 2009, Lake Village Water Association, Inc. ("LVWA") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$2,229,000 waterworks improvement project. This project consists of the replacement of approximately 10 miles of existing water mains and related appurtenances. The project will reduce water loss and maintenance cost and improve service reliability. The project will be funded by a loan not to exceed \$1,544,000 from Rural Development ("RD"), an agency of the U.S. Department of Agriculture; a Kentucky Infrastructure Authority Tobacco Development Fund grant in the amount of \$500,000; and internal funds of \$185,000.

LVWA's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water associations 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 July 7, 2009, 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. LVWA is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

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

3. LVWA is authorized to borrow from RD an amount not to exceed \$1,544,000 at an interest rate not exceeding 4.5 percent per annum, maturing over 40 years.

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

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

6. LVWA 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.

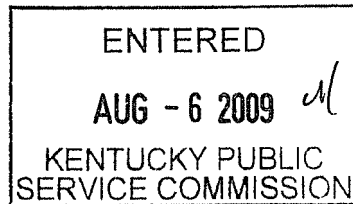
7. LVWA shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1),

LVWA shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

8. LVWA 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.

By the Commission



ATTEST:



Executive Director

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