

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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|-------------------------------------|---|---------------------|
| APPLICATION OF THE HARRISON COUNTY |) | |
| WATER ASSOCIATION, INC. OF HARRISON |) | |
| COUNTY, KENTUCKY FOR A CERTIFICATE |) | CASE NO. 2010-00289 |
| OF PUBLIC CONVENIENCE AND NECESSITY |) | |
| TO CONSTRUCT AND FINANCE A PROJECT |) | |

ORDER

On July 9, 2010, Harrison County Water Association, Inc. ("HCWA") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$2,059,213 waterworks improvement project. This project consists of the installation of approximately 121,140 linear feet of four-inch water transmission mains, two booster pumping stations, and related appurtenances to provide service to approximately 102 new customers. The project will be funded through a grant of \$295,000 from the U.S. Department of Agriculture Rural Development ("RD"), issuance of \$885,000 of Waterworks Revenue Bonds to the RD, and appropriations from the General Assembly totaling \$879,213.

HCWA'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 July 9, 2010, 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. HCWA is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

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

3. HCWA is authorized to issue its Waterworks Revenue Bonds from the RD loan in the amount of \$885,000 at an interest rate not exceeding 3.625 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 HCWA's application.

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

6. HCWA shall file a copy of the "as-built" drawings and a certified statement from the engineer that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of substantial completion of the construction certified herein.

7. HCWA shall require the construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the

contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

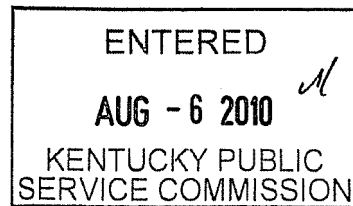
8. HCWA shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), HCWA shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

9. HCWA shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

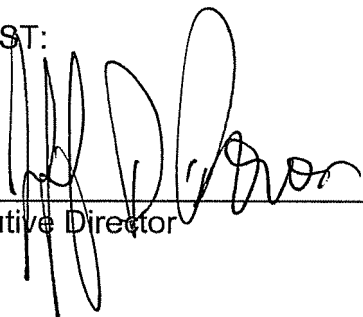
10. Any documents filed in the future pursuant to ordering paragraphs 5, 6, and 9 herein shall reference this case number and shall be retained in the utility's general correspondence file.

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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