

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BREATHITT COUNTY)	
WATER DISTRICT FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY TO)	CASE NO.
CONSTRUCT AND FINANCE PURSUANT TO)	2009-00183
THE PROVISIONS OF KRS 278.023)	

ORDER

On May 11, 2009, Breathitt County Water District ("BCWD") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$1,962,800 waterworks improvement project and for approval of its plan of financing for this project. This project consists of the installation of approximately 20 miles of 8-inch, 6-inch, 4-inch, and 2-inch water transmission mains; a 32,000-gallon and 48,000-gallon ground water storage tank; and related appurtenances to provide service to approximately 50 new customers. The project will be funded by the issuance of \$350,000 of Waterworks Revenue Bonds to the U.S. Department of Agriculture's Rural Development ("RD"); a \$250,000 grant from RD; a \$500,000 grant from the Appalachian Regional Commission; and a Community Development Block Grant in the amount of \$862,800.

BCWD'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 May 11, 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. BCWD is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

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

3. BCWD is authorized to issue its Waterworks Revenue Bonds from the RD loan in the amount of \$350,000 at an interest rate not exceeding 2.75 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 BCWD's application.

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

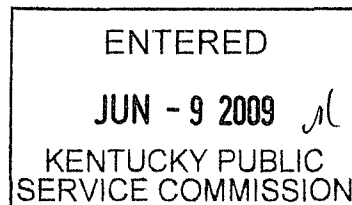
6. BCWD shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

7. BCWD 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), BCWD shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

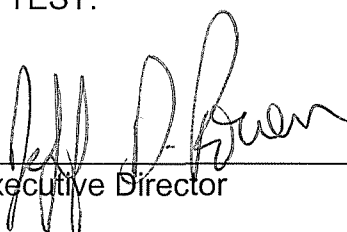
8. BCWD shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

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

Honorable W. Randall Jones
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John L Smith
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