

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BLACK MOUNTAIN)
UTILITY DISTRICT OF HARLAN COUNTY,)
KENTUCKY, FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY) CASE NO. 93-236
TO CONSTRUCT AND FINANCE PURSUANT)
TO THE PROVISIONS OF SECTION 278.023)
OF THE KENTUCKY REVISED STATUTES)

O R D E R

On July 16, 1993, the Commission issued an Order in this proceeding granting Black Mountain Utility District ("Black Mountain") a Certificate of Public Convenience and Necessity for a proposed construction project financed in part by the Farmers Home Administration ("FmHA"). The Order was issued pursuant to KRS 278.023, which requires the Commission to accept agreements between water districts and FmHA and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of filing requirements.

On August 18, 1994, Black Mountain filed an amended application to construct additional facilities, revise its plan of financing and increase its rates. The revised total project cost is \$1,481,000. This project will now provide service to 320 additional customers. Revised project funding includes a \$454,000 bond issue to be purchased pursuant to an agreement with FmHA, a \$684,700 grant from FmHA, a \$300,000 grant from the Appalachian Regional Commission ("ARC"), and \$42,300 from applicants for

service in the proposed project area. The bonds will be financed for a 40-year period from the date of the bond issuance at an interest rate of 5 percent per annum.

Black Mountain's amended application was also made pursuant to KRS 278.023. Given that additional minimum filing requirements were met in this case on August 18, 1994, 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. Black Mountain is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Black Mountain's proposed plan of financing with FmHA and ARC is accepted.

3. Black Mountain is authorized to issue bonds not to exceed \$454,000 to be held or insured by FmHA.

4. Black Mountain 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.

5. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

6. Black Mountain shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

7. Black Mountain 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 falls outside the requirements of 807 KAR 5:066, Section 5(1), Black Mountain shall take immediate action to bring the system into compliance with Commission regulations.

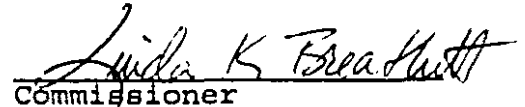
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 30th day of August, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 93-236 DATED AUGUST 30, 1994.

The following rates and charges are prescribed for the customers in the area served by Black Mountain Utility District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly Water Rates

First	2,000 gallons	\$13.27	Minimum Bill
Next	2,000 gallons	2.66	per 1,000 gallons
Next	2,000 gallons	2.36	per 1,000 gallons
Next	4,000 gallons	2.18	per 1,000 gallons
All Over	10,000 gallons	1.48	per 1,000 gallons