

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MAGOFFIN COUNTY WATER)	
DISTRICT OF MAGOFFIN AND FLOYD COUNTIES)	
KENTUCKY, FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY TO CONSTRUCT,)	94-218
FINANCE AND INCREASE RATES PURSUANT TO)	
KRS 278.023)	

O R D E R

On May 27, 1994, Magoffin County Water District ("Magoffin Water") filed an application for a Certificate of Public Convenience and Necessity to construct a \$648,000 waterworks improvement project, for approval of its plan of financing for this project, and for adjustments to its water service rates. This project will provide service to 180 additional customers. Project funding includes a \$185,000 bond issue to be purchased pursuant to an agreement with Farmers Home Administration ("FmHA"), a \$445,000 grant from FmHA, and \$18,000 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 at an interest rate of 5 percent per annum.

Magoffin Water's application was made 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 the minimum filing requirements. Given that minimum filing requirements were met in this case on May 27, 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. Magoffin Water is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Magoffin Water's proposed plan of financing with FmHA is accepted.

3. Magoffin Water is authorized to issue bonds not to exceed \$185,000 to be held or insured by FmHA.

4. Magoffin Water 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.

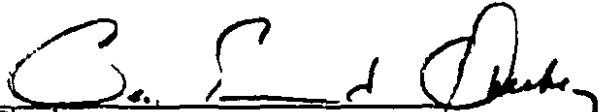
6. Magoffin Water shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

7. Magoffin Water 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), Magoffin Water shall take immediate action to bring the system into compliance with Commission regulations.

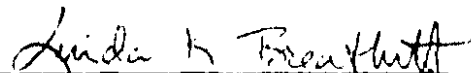
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 10th day of June, 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. 94-218 DATED June 10, 1994

The following rates and charges are prescribed for the customers in the area served by Magoffin County Water 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 Rates:

5/8 x 3/4 Inch Meter

First	2,000 gallons	\$11.46 Minimum Bill
Next	3,000 gallons	4.78 per 1,000 gallons
Next	5,000 gallons	4.28 per 1,000 gallons
All Over	10,000 gallons	3.68 per 1,000 gallons

1 Inch Meter

First	5,000 gallons	\$25.80 Minimum Bill
Next	5,000 gallons	4.28 per 1,000 gallons
All Over	10,000 gallons	3.68 per 1,000 gallons

2 Inch Meter

First	15,000 gallons	\$65.60 Minimum Bill
All Over	15,000 gallons	3.68 per 1,000 gallons