

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTH MERCER WATER)
DISTRICT OF MERCER AND WASHINGTON)
COUNTIES, KENTUCKY, FOR A CERTIFICATE) CASE NO.
OF PUBLIC CONVENIENCE AND NECESSITY TO) 96-132
CONSTRUCT AND FINANCE PURSUANT TO THE)
PROVISIONS OF KRS 278.023)

O R D E R

On April 1, 1996, North Mercer Water District ("North Mercer") filed an application for a Certificate of Public Convenience and Necessity to construct a \$447,000 waterworks improvement project and for approval of its plan of financing for this project. This project will provide service to 39 additional customers. Project funding includes a \$433,000 bond issue to be purchased pursuant to an agreement with the U. S. Department of Agriculture's Rural Utilities Service ("RUS"), formerly known as the Rural Economic and Community Development Service, and \$14,000 from applicants for service in the proposed project area.

North Mercer'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 April 1, 1996, 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. North Mercer is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. North Mercer's proposed plan of financing with RUS is accepted.

3. North Mercer is authorized to issue bonds not to exceed \$433,000.

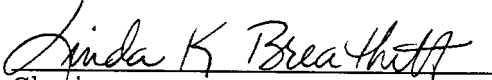
4. North Mercer shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. North Mercer 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), North Mercer shall take immediate action to bring the system in 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 29th day of April, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director