

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PULASKI COUNTY WATER DISTRICT NO. 2, A WATER)
DISTRICT ORGANIZED PURSUANT TO CHAPTER 74 OF)
THE KENTUCKY REVISED STATUTES, IN PULASKI)
COUNTY, FOR (1) A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY AUTHORIZING AND)
PERMITTING SAID WATER DISTRICT TO CONSTRUCT) CASE NO.
WATER DISTRIBUTION SYSTEM IMPROVEMENTS,) 96-171
CONSISTING OF EXPANSION HEREINAFTER IDENTIFIED;)
AND (2) APPROVAL OF THE PROPOSED PLAN OF)
FINANCING FOR SAID CONSTRUCTION AND EXPANSION)

O R D E R

On April 22, 1996, Pulaski County Water District No. 2 ("Pulaski Water") filed an application for a Certificate of Public Convenience and Necessity to construct a \$2,200,000 waterworks improvement project and for approval of its plan of financing for this project. This project will provide service to 450 additional customers. Project funding includes a \$1,234,000 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, a \$416,000 grant from RUS, \$342,000 from Pulaski Water's own funds, and \$208,000 from applicants for service in the proposed project area.

Pulaski Water'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 22, 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. Pulaski Water is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Pulaski Water's proposed plan of financing with RUS is accepted.

3. Pulaski Water is authorized to issue bonds not to exceed \$1,234,000.

4. Pulaski 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.

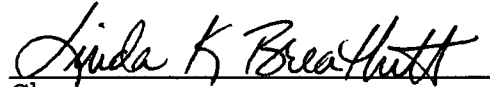
5. Pulaski Water shall continue to charge its existing rates for water service.


6. Pulaski 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), Pulaski 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 22nd day of May, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director