

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MARTIN COUNTY WATER)
DISTRICT NO. 1 OF MARTIN COUNTY, KENTUCKY)
FOR A CERTIFICATE OF PUBLIC CONVENIENCE) CASE NO.
AND NECESSITY TO CONSTRUCT AND FINANCE) 96-293
PURSUANT TO THE PROVISIONS OF KRS 278.023)

O R D E R

On June 24, 1996, Martin County Water District No. 1 ("Martin Water") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$1,740,000 waterworks improvement project and for approval of its plan of financing for this project. This project will provide service to 250 additional customers. Project funding includes a \$554,000 bond issue to be purchased pursuant to an agreement with the U. S. Department of Agriculture's Rural Development ("RD"), a \$721,500 grant from RD, a \$359,900 Appalachian Regional Commission Grant ("ARC"), \$75,000 from the Martin County Coal Corporation, and \$29,600 in Martin Water funds.

Martin 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 June 24, 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. Martin Water is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

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

3. Martin Water is authorized to issue bonds not to exceed \$554,000.

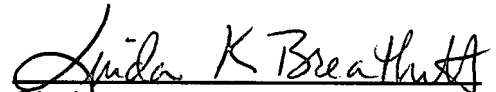
4. Martin Water shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. Martin 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), Martin Water shall take immediate action to bring the system in compliance with Commission regulations.

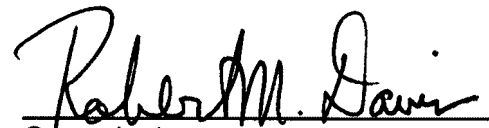
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 17th day of July, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director