

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ESTILL COUNTY WATER)
DISTRICT NO. 1 OF ESTILL COUNTY, KENTUCKY,)
FOR A CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY TO CONSTRUCT, FINANCE AND) CASE NO. 99-404
INCREASE RATES PURSUANT TO KRS 278.023)
)

O R D E R

On September 22, 1999, Estill County Water District No. 1 (Estill District No. 1) submitted an application for a Certificate of Public Convenience and Necessity to construct a \$3,398,800 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 new service to 284 additional customers. Project funding is a \$975,000 bond issue to be purchased pursuant to an agreement with the U. S. Department of Agriculture's Rural Development (RD), a \$900,000 grant from the RD, a \$985,000 Community Development Block Grant (CDBG), a \$450,000 Appalachian Regional Commission (ARC) grant, and an \$88,800 contribution from the Applicant.

Estill District No. 1'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 September 22, 1999, 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. Estill District No. 1 is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Estill District No. 1's proposed plan of financing with RD is accepted.

3. Estill District No. 1 is authorized to issue bonds not to exceed \$975,000.

4. Estill District No. 1 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. Estill District No. 1 shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

7. Three years from the effective date of this Order Estill District No. 1 shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

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

By the Commission

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 99-404 DATED OCTOBER 22, 1999

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

MONTHLY SURCHARGE

Cobb Hill User Surcharge

\$4.81