

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MORGAN COUNTY WATER)	
DISTRICT FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO CONSTRUCT)	CASE NO.
AND FINANCE PURSUANT TO THE PROVISIONS)	2000-492
OF KRS 278.023)	

O R D E R

On November 13, 2000, Morgan County Water District ("Morgan Water") submitted an application for a Certificate of Public Convenience and Necessity to construct and finance a \$1,748,700 waterworks improvement project. This project consists of the construction and installation of approximately 102,000 linear feet of water line to provide water service to approximately 199 new rural customers. Also included in the project is the construction of two booster pump stations, a chlorine booster station, and a telemetry system for the existing water tanks. Morgan Water proposes to finance the construction of the project through the issuance of \$332,000 of its Waterworks Revenue Bonds, a grant from the Rural Development ("RD") in the amount of \$847,000, a grant from the Appalachian Regional Commission ("ARC") in the amount of \$500,000, and a contribution from the applicant in the amount of \$69,700. The applicant has a commitment from the RD to purchase said \$332,000 of bonds maturing over a 40-year period, at an interest rate not exceeding 3.25 percent per annum.

Morgan 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 November 13, 2000, 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. Morgan Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Morgan Water's proposed plan of financing with RD is accepted.
3. Morgan Water is authorized to issue bonds not to exceed \$332,000.
4. Morgan 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. Morgan Water shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.
6. Three years from the effective date of this Order, Morgan Water 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 12th day of December, 2000.

By the Commission

ATTEST:


Executive Director