

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BIG SANDY WATER	)	
DISTRICT FOR A CERTIFICATE OF PUBLIC	)	
CONVENIENCE AND NECESSITY TO CONSTRUCT	)	CASE NO.
AND FINANCE PURSUANT TO THE PROVISIONS	)	2001-232
OF KRS 278.023	)	

O R D E R

On July 27, 2001, Big Sandy Water District (“Big Sandy Water”) submitted an application for a Certificate of Public Convenience and Necessity to construct and finance a \$1,900,000 waterworks construction project, Lawrence County Phase II. This project consists of the construction and installation of approximately 27.3 miles of water line to provide water service to currently unserved areas of Lawrence County. Also included in this project is the construction of a 100,000-gallon water storage tank near the intersection of Route 1760 and Route 32 in Lawrence County, a booster pumping station, new telemetry at the existing Donathan Road Storage Tank and at the existing Point Section pump station, and the installation of a baud upgrade to the existing master telemetry units. Big Sandy Water proposes to finance the construction of the project through:

- The issuance of \$527,000 of its Waterworks Revenue Bonds. The Applicant has a commitment from Rural Development (“RD”) to purchase said bonds

maturing over a 40-year period, at an interest rate of not exceeding 4.5 percent per annum.

- An RD grant in the amount of \$763,000.
- An Appalachian Regional Commission grant in the amount of \$550,000.
- An Applicant contribution in the amount of \$60,000.

Big Sandy 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 July 27, 2001, 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. Big Sandy Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Big Sandy Water's proposed plan of financing with RD is accepted.
3. Big Sandy Water is authorized to issue bonds not to exceed \$527,000.
4. Big Sandy 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. Big Sandy 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, Big Sandy 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.

7. Big Sandy 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 is outside the requirements of 807 KAR 5:066, Section 5(1), Big Sandy Water shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

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 22<sup>nd</sup> day of August, 2001.

ATTEST:

  
Executive Director