

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MOUNTAIN WATER	)	
DISTRICT FOR A CERTIFICATE OF PUBLIC	)	
CONVENIENCE AND NECESSITY TO CONSTRUCT	)	CASE NO.
AND FINANCE PURSUANT TO THE PROVISIONS	)	2002-00099
OF KRS 278.023	)	

O R D E R

On March 26, 2002, Mountain Water District ( Mountain District ) applied for a Certificate of Public Convenience and Necessity to construct a \$6,240,300 wastewater improvement project and for approval of its plan of financing for this project. This project will provide new service to approximately 432 new customers with the installation of a pressurized sewer system consisting of a 250,000 gallon per day wastewater treatment plant, grinder pumps, lift stations, force mains, gravity lines and related appurtenances.

The proposed project consists of five phases to serve the Phelps, Freeburn and Buskirk areas of Pike County, Kentucky. Mountain District has awarded contracts for phases 1, 2 and 3 at this time. Phase 1 involves the purchase of 602 grinder pump stations and related appurtenances. Phase 2 involves the construction of collection facilities necessary to serve the Buskirk area. Contract 3 involves the construction of the wastewater treatment plant. Contracts 4 and 5 involve the construction of collection facilities to the Phelps and Freeburn areas.

Project funding includes a \$426,000 loan and a \$600,000 grant from the U.S. Department of Agriculture's Rural Development ( RD ), a \$1,000,000 Community Development Block Grant, a grant of \$300,000 from the Appalachian Regional Commission, a \$3,000,000 Environmental Protection Agency grant, a \$672,000 Army Corps of Engineers grant and \$242,300 from customer contributions and internal funds.

Mountain District's application is 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 March 26, 2002, 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. Mountain District is granted a Certificate of Public Convenience and Necessity for Phases 1, 2, and 3 of the proposed construction project.
2. Mountain District's proposed plan of financing with RD is accepted.
3. Mountain District 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.

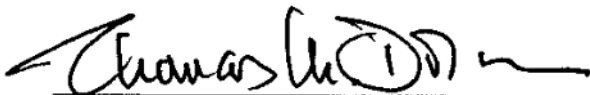
4. Mountain District shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

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 25<sup>th</sup> day of April, 2002.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas H. [unclear]", written over a horizontal line.

Executive Director