

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SOUTHERN WATER AND)	
SEWER DISTRICT OF FLOYD AND KNOTT)	
COUNTIES, KENTUCKY, FOR A CERTIFICATE OF)	CASE NO.
PUBLIC CONVENIENCE AND NECESSITY TO)	2002-00166
CONSTRUCT, FINANCE AND INCREASE RATES)	
PURSUANT TO KRS 278.023)	

O R D E R

On May 8, 2002, Southern Water and Sewer District (Southern District) submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$6,172,900 waterworks improvement project. This project consists of the installation of approximately 16.4 miles of water transmission mains, 6 water storage tanks, 5 booster pump stations, telemetry, and related appurtenances to provide service to approximately 576 new customers. Project funding consists of a \$2,515,000 loan from the U.S. Department of Agriculture s Rural Development (RD), a \$450,000 grant from the RD, a \$433,900 grant from the Appalachian Regional Commission, a State of Kentucky grant in the amount of \$300,000, and a \$2,474,000 contribution from the Floyd County Fiscal Court.

Southern District 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 the case on May 8, 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. Southern District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Southern District's proposed plan of financing with RD is accepted.

3. Southern District is authorized to issue bonds not to exceed \$2,515,000.

4. Southern 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.

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. Southern District shall file its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

7. Southern District shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

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

9. Three years from the effective date of this Order, Southern District 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 7th day of June, 2002.

By the Commission

ATTEST:

Deputy W. H. Fowler
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2002-00166 DATED June 7, 2002

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

First	2,000 gallons @ \$14.80	Minimum Bill.
All Over	2,000 gallons @ \$ 4.30	per 1,000 gallons.