

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HARDIN COUNTY WATER)	
DISTRICT NO. 2, HARDIN AND LARUE COUNTIES,)	
KENTUCKY, (1) FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY AUTHORIZING)	
CONSTRUCTION OF MAJOR ADDITIONS AND)	CASE NO.
IMPROVEMENTS TO ITS WATER SYSTEM; AND)	2002-00170
(2) SEEKING APPROVAL OF THE ISSUANCE OF)	
CERTAIN SECURITIES, PURSUANT TO THE)	
PROVISIONS OF KRS 278.023 AND 807 KAR 5:069)	

O R D E R

On May 13, 2002, Hardin County Water District No. 2 (Hardin No. 2) submitted an application for a Certificate of Public Convenience and Necessity to construct and finance a \$2,260,000 waterworks construction project. The project, Phase 1 Water System Extensions, Contract 14, consists of the installation of approximately 27 miles of 4-inch to 8-inch water distribution lines and appurtenances, to provide water service to approximately 229 new customers. Hardin No. 2 proposes to finance the construction of the project through:

- The issuance of its water system revenue bonds in the amount of \$1,013,000 (the series 2002A Bonds) to the United States of America acting by and through the U.S. Department of Agriculture.
- A USDA, Rural Development (RD) grant in the amount of \$240,000.

- A grant from the Department of Housing and Urban Development Community Development Block Grant Program in the amount of \$900,000.
- An Applicant contribution in the amount of \$107,000.

Hardin No. 2 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 May 13, 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. Hardin No. 2 is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Hardin No. 2 s proposed plan of financing with RD is accepted.
3. Hardin No. 2 is authorized to issue bonds not to exceed \$1,013,000.
4. Hardin No. 2 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. Hardin No. 2 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, Hardin No. 2 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. Hardin No. 2 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), Hardin No. 2 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 7th day of June, 2002.

By the Commission

ATTEST:

Deputy W^m H. Fowler
Executive Director