

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WESTERN FLEMING	)	
COUNTY WATER DISTRICT FOR A CERTIFICATE	)	
OF PUBLIC CONVENIENCE AND NECESSITY TO	)	CASE NO.
CONSTRUCT, FINANCE, AND INCREASE RATES	)	2002-00290
PURSUANT TO KRS 278.023	)	

O R D E R

On July 31, 2002, Western Fleming County Water District ( Western Fleming District ) submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$1,023,000 water system expansion project. The project is comprised of two contracts: Contract No. 1 consists of 26,600 linear feet of 12-inch water transmission main and appurtenances. Contract No. 2 covers the construction of a 300,000-gallon elevated steel water storage tank and appurtenances to serve all of Western Fleming District s customers. This project will remedy current pressure problems in certain service areas and to comply with additional storage standards of the Natural Resources Cabinet. Western Fleming District proposes to finance the construction of the project through:

- The issuance of its Water Revenue Bonds in the amount of \$500,000 at an interest rate not exceeding 4.50 percent per annum maturing over a 40-year period, through the U.S. Department of Agriculture, Rural Development (the USDARD ).
- A USDARD grant in the amount of \$327,000.

- An Applicant contribution in the amount of \$196,000.

Western Fleming 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 this case on July 31, 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. Western Fleming District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Western Fleming District's proposed plan of financing with USDARD is accepted.
3. Western Fleming District is authorized to issue bonds not to exceed \$500,000.
4. Western Fleming 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. Western Fleming District 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, Western Fleming District shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the water rates are sufficient to meet its operating expenses and annual debt service requirements.

7. Western Fleming District 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), Western Fleming District shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

8. 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.

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 29<sup>th</sup> day of August, 2002.

By the Commission

ATTEST:

  
Executive Director

## APPENDIX A

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2002-00290 DATED August 29, 2002

The following rates and charges are prescribed for the customers in the area served by Western Fleming County Water 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 @ \$11.60	Minimum Bill
Next	5,000 gallons @ \$ 3.30	per 1,000 gallons
Next	3,000 gallons @ \$ 2.70	per 1,000 gallons
All Over	10,000 gallons @ \$ 1.85	per 1,000 gallons

#### Wholesale Rates Schedule:

Fleming County Water Association	\$1.43	per 1,000 gallons
Buffalo Trail Water Association	\$1.13	per 1,000 gallons
Southern Mason Water District	\$1.43	per 1,000 gallons
City of Flemingsburg	\$1.43	per 1,000 gallons
Nicholas County Water District	\$1.43	per 1,000 gallons