

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MONROE COUNTY WATER)	
DISTRICT OF MONROE COUNTY, KENTUCKY,)	
FOR A CERTIFICATE OF PUBLIC CONVENIENCE)	CASE NO.
AND NECESSITY TO CONSTRUCT AND FINANCE)	2003-00108
PURSUANT TO THE PROVISIONS OF KRS 278.023)	

O R D E R

On March 20, 2003, Monroe County Water District (Monroe District) submitted an application for a Certificate of Public Convenience and Necessity to construct and finance an \$878,000 waterworks improvement project. The project consists of the construction and the installation of approximately 4.5 miles of 8-inch water line (class 250) to replace an existing class 160 water line that experiences a large number of breaks located between Tompkinsville and Gamaliel along Highway 100, and the construction of a 300,000 gallon elevated water storage tank and appurtenances to replace an existing standpipe on County House Road. Monroe District proposes to finance the construction of the project through:

- The issuance of its Water Revenue Bonds in the amount of \$517,000 at an interest rate not exceeding 4.5 percent per annum maturing over a 40-year period, through the U.S. Department of Agriculture (USDA), Rural Development (RD).
- An RD grant in the amount of \$345,000.
- An applicant contribution in the amount of \$16,000.

Monroe District's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the USDA 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 20, 2003, 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. Monroe District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Monroe District's proposed plan of financing with RD is accepted.
3. Monroe District is authorized to issue bonds not to exceed \$517,000.
4. Monroe 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. Monroe 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, Monroe District shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the proposed water rates are sufficient to meet its operating expenses and annual debt service requirements.

7. Monroe 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 Administrative Regulation 807 KAR 5:066, Section 5(1), Monroe District 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 4th day of April, 2003.

By the Commission

ATTEST:


Executive Director