

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BRONSTON WATER)	
ASSOCIATION, INC., OF WAYNE AND PULASKI)	
COUNTIES, KENTUCKY FOR A CERTIFICATE OF)	CASE NO.
PUBLIC CONVENIENCE AND NECESSITY TO)	2003-00193
CONSTRUCT AND FINANCE PURSUANT TO THE)	
PROVISIONS OF KRS 278.023)	

O R D E R

On June 5, 2003, Bronston Water Association, Inc. (Bronston) submitted an application for a Certificate of Public Convenience and Necessity to construct and finance a \$1,003,000 waterworks improvement project. The project includes the installation of approximately 42,500 linear feet of 6-inch water line, 19,000 linear feet of 3-inch water line, construction of a booster pump station, and the construction of a 100,000 gallon elevated water storage tank. This project will serve approximately 150 first time residential customers in Pulaski County in the Echo Bend area located west of the Lake Cumberland Reservoir. The water lines will be constructed along KY Highway 790, Ader Holt Road and Echo Bend Road. Bronston proposes to finance the construction of the project through a Rural Utilities Service (RUS) Promissory Note in the amount of \$418,000 at an interest rate not exceeding 4.5 percent per annum; a RUS grant in the amount of \$490,000; a Pulaski County Fiscal Court contribution in the amount of \$50,000; and an Applicant contribution in the amount of \$45,000.

Bronston 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 June 5, 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. Bronston is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Bronston s proposed plan of financing with RUS is accepted.

3. Bronston is authorized to obtain a Promissory Note not to exceed \$418,000 from RUS, to be repaid over a period of 40 years with interest at the rate of 4.5 percent per annum.

4. Bronston 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. Bronston 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, Bronston 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. Bronston 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

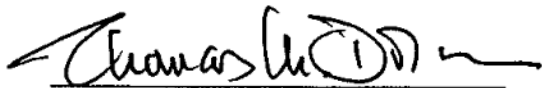
KAR 5:066, Section 5(1), Bronston shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

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 16th day of June, 2003.

By the Commission

ATTEST:

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

Executive Director

Case No. 2003-00193