

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EDMONSON COUNTY)	
WATER DISTRICT, EDMONSON, WARREN,)	
GRAYSON AND HART COUNTIES, KENTUCKY,)	
FOR (1) A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY AUTHORIZING)	CASE NO.
CONSTRUCTION OF MAJOR ADDITIONS AND)	2003-00384
IMPROVEMENTS TO ITS WATER SYSTEM; AND)	
(2) SEEKING APPROVAL OF THE ISSUANCE OF)	
CERTAIN SECURITIES)	

O R D E R

On October 1, 2003, Edmonson County Water District (Edmonson District) submitted an application for a Certificate of Public Convenience and Necessity to construct and finance a \$1,034,000 waterworks improvement project. The project consists of the construction of approximately 11.7 miles of water lines to serve 92 new customers in Edmonson, Warren, Hart, and Grayson counties. Also, Edmonson District is adding approximately 5 miles of water mains parallel to existing lines to allow for better distribution of flows to match increasing demands.

Edmonson District proposes to finance the construction of the project through a United States Department of Agriculture ("USDA"), Rural Development (RD) loan to issue Water System Revenue Bonds, Series 2003, in the amount of \$442,000; an RD Grant in the amount of \$295,000; Kentucky Infrastructure Authority (KIA) Grants in the amount of \$281,100; and an applicant contribution in the amount of \$15,900.

Edmonson 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 October 1, 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. Edmonson District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

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

3. Edmonson District is authorized to issue Water System Revenue Bonds, Series 2003, in the amount of \$442,000 at an interest rate not exceeding 4.25 percent per annum.

4. Edmonson 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. Edmonson 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, Edmonson 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. Edmonson 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), Edmonson 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 27th day of October, 2003.

By the Commission

ATTEST:


Executive Director

Case No. 2003-00384