

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF RATTLESNAKE RIDGE)	
WATER DISTRICT FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY TO)	CASE NO.
CONSTRUCT AND FINANCE PURSUANT TO KRS)	2003-00428
278.023)	

O R D E R

On November 19, 2003, Rattlesnake Ridge Water District (Rattlesnake Ridge District) submitted an application for a Certificate of Public Convenience and Necessity to construct and finance a \$4,220,000 waterworks improvement project. The project consists of three contracts: Contract W involves the installation of approximately 45 miles of waterlines, Contract Z involves the installation of approximately 45 miles of waterlines, and Contract Z-1 involves the acquisition and installation of approximately 2,500 radio read water meters.

Rattlesnake Ridge District proposes to finance the construction of the project through the issuance of a \$1,340,000 United States Department of Agriculture ("USDA"), Rural Development (RD) loan to issue Water System Revenue Bonds; an RD grant in the amount of \$900,000; a Community Development Block grant in the amount of \$1,000,000; an Appalachian Regional Commission grant in the amount of \$350,000; a State of Kentucky 2020 grant in the amount of \$440,000; a State of Kentucky House Bill 502 grant in the amount of \$100,000; and an applicant contribution in the amount of \$90,000.

Rattlesnake Ridge 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 November 19, 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. Rattlesnake Ridge District is granted a Certificate of Public Convenience and Necessity for Contracts W, Z, and Z-1 of the proposed construction project.
2. Rattlesnake Ridge District's proposed plan of financing with RD is accepted.
3. Rattlesnake Ridge District is authorized to issue Water System Revenue Bonds in the amount of \$1,340,000 maturing over 40 years and at an interest rate not exceeding 4.5 percent per annum.
4. Rattlesnake Ridge 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. Rattlesnake Ridge 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, Rattlesnake Ridge 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. Rattlesnake Ridge 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), Rattlesnake Ridge 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 16th day of December, 2003.

By the Commission

ATTEST:


Executive Director

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