

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FLEMING COUNTY WATER)	
ASSOCIATION, INC. OF FLEMINGSBURG, KY FOR)	
(1) A CERTIFICATE OF PUBLIC CONVENIENCE)	
AND NECESSITY (2) APPROVAL OF THE)	CASE NO.
PROPOSED PLAN OF FINANCING SAID PROJECT)	2004-00280

O R D E R

On July 27, 2004, Fleming County Water Association, Inc. ("Fleming Water") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$554,000 waterworks improvement project and for approval of its plan of financing for this project. This project will provide an additional source of supply to Fleming Water through the connection to the new Greater Fleming County Regional Water Commission. The waterworks improvement project will consist of the installation of approximately 19,500 linear feet of 10-inch water transmission main and related appurtenances. Project funding includes a \$554,000 loan from the U.S. Department of Agriculture's Rural Development ("RD") with an interest rate not exceeding 4.5 percent per annum maturing over 40 years.

Fleming Water'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 27, 2004, 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. Fleming Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Fleming Water's proposed plan of financing with RD is accepted.

3. Fleming Water is authorized to enter into an agreement with RD to borrow \$554,000 at an interest rate not to exceed 4.5 percent per annum.

4. The proceeds from the loan agreement with RD shall be used only for the purposes specified in Fleming Water's application.

5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Fleming Water may use such surplus to construct additional plant facility if RD approves of the use and the additional construction will not result in a change in Fleming Water's rates for service. Fleming Water shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. Fleming Water 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.

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

8. Fleming Water shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

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 24th day of August, 2004.

By the Commission

ATTEST:


Executive Director

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