

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MCCREARY COUNTY WATER)	
DISTRICT OF MCCREARY COUNTY, KENTUCKY,)	
FOR A CERTIFICATE OF PUBLIC CONVENIENCE)	
AND NECESSITY TO CONSTRUCT AND FINANCE)	CASE NO.
PURSUANT TO KRS 278.023)	2004-00325

O R D E R

On August 20, 2004, McCreary County Water District ("McCreary Water") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$1,730,000 wastewater improvement project and for approval of its plan of financing for this project. McCreary Water states the project will replace an old, dilapidated sewer system constructed in the 1930's in the community of Stearns. The wastewater improvement project will consist of the construction and installation of approximately 2,100 linear feet of 8-inch sanitary sewer line, 1,100 linear feet of 4-inch sanitary sewer line, 1,700 linear feet of sewer force main, one lift station, 17 manholes, and related appurtenances. Project funding includes the issuance of \$290,000 of its Waterworks Revenue Bonds, a Department of Agriculture's Rural Development ("RD") Grant in the amount of \$290,000 with an interest rate not exceeding 4.5 percent per annum maturing over 40 years, an Environmental Protection Agency grant in the amount of \$950,000, and an Enterprise Community grant in the amount of \$200,000. McCreary Water states the existing rates shall produce the total revenue requirements

set out in the Engineering Reports prepared by such engineers and filed with the Commission.

McCreary 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 August 20, 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. McCreary Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. McCreary Water's proposed plan of financing with RD is accepted.
3. McCreary Water is authorized to issue \$290,000 of Waterworks Revenue Bonds 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 McCreary Water's application.
5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, McCreary 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 McCreary Water's rates for service. McCreary

Water shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. McCreary 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. McCreary 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 20th day of September, 2004.

By the Commission

ATTEST:


Executive Director

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