

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HARDIN COUNTY WATER	)	
DISTRICT NO. 2, HARDIN AND LARUE COUNTIES,	)	
KENTUCKY, (1) FOR A CERTIFICATE OF PUBLIC	)	
CONVENIENCE AND NECESSITY AUTHORIZING	)	
CONSTRUCTION OF MAJOR ADDITIONS AND	)	
IMPROVEMENTS TO ITS WATER SYSTEM; AND	)	CASE NO.
(2) SEEKING APPROVAL OF THE ISSUANCE OF	)	2004-00484
CERTAIN SECURITIES PURSUANT TO THE	)	
PROVISIONS OF KRS 278.023 AND 807 KAR 5:069	)	

O R D E R

On December 1, 2004, Hardin County Water District No. 2 ("Hardin No. 2") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$5,386,000 waterworks improvement project and for approval of its plan of financing for this project. This project consists of the installation of approximately 56 miles of 4-inch to 8-inch water transmission mains and related appurtenances. This project will provide new service to approximately 330 new customers. Project funding includes the issuance of \$2,990,000 in Series 2005A revenue bonds to the U.S. Department of Agriculture's Rural Development ("RD") at an interest rate not exceeding 4.375 percent per annum maturing over 40 years, a \$300,000 grant from the RD, a \$1,000,000 Community Development Block Grant, a Tobacco Settlement grant in the amount of \$1,000,000, and a \$96,000 contribution from the applicant.

Hardin No. 2'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 December 1, 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. Hardin No. 2 is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Hardin No. 2's proposed plan of financing with RD is accepted.

3. Hardin No. 2 is authorized to issue Series 2005A revenue bonds in the principal amount of \$2,990,000 at an interest rate not to exceed 4.375 percent per annum.

4. The proceeds from the revenue bond issuance shall be used only for the purposes specified in Hardin No. 2's application.

5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Hardin No. 2 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 Hardin No. 2's rates for service. Hardin No. 2 shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. Hardin No. 2 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 30 days of the substantial completion of the construction certificated herein.

7. Within 30 days after completion of the proposed construction, Hardin No. 2 shall revise its system maps and records maintained pursuant to 807 KAR 5:006, Section 22, to include all required information regarding the new construction.

8. Hardin No. 2 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), Hardin No. 2 shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

9. Hardin No. 2 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 21<sup>st</sup> day of December, 2004.

By the Commission

ATTEST:



Executive Director

Case No. 2004-00484