

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WEST CARROLL WATER)	
DISTRICT, CARROLL AND TRIMBLE COUNTIES,)	
KENTUCKY, (1) FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY AUTHORIZING)	CASE NO.
CONSTRUCTION OF MAJOR ADDITIONS AND)	2004-00520
IMPROVEMENTS TO ITS WATER DISTRIBUTION)	
SYSTEM AND (2) SEEKING APPROVAL OF THE)	
ISSUANCE OF CERTAIN SECURITIES)	

O R D E R

On December 29, 2004, West Carroll Water District ("West Carroll") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$1,425,000 waterworks improvement project and for approval of the issuance of certain securities.

West Carroll states the project consists of the construction and installation of approximately 16 miles of 3-inch through 8-inch waterlines and appurtenances, a new 50,000-gallon elevated water storage tank, a new connection to Carrollton Utilities, and improvements to the Gilgal pump station. West Carroll states that the proposed project will provide approximately 35 new households with safe drinking water and will strengthen West Carroll's distribution system.

West Carroll proposes to finance the construction through a United States Department of Agriculture-Rural Development ("USDA-RD") program consisting of a 50 percent grant/50 percent loan package in which West Carroll will receive a grant in the amount of \$369,000 and \$369,000 in proceeds from the issuance of

“Water System Revenue Bonds, Series 2005.” The bonds are expected to bear interest at the single rate of 4.625 percent per annum. Further financing will be in the form of a grant from the Kentucky Infrastructure Authority in the amount of \$500,000, a State of Kentucky 2020 grant of \$175,000, and \$12,000 from local funds. No adjustment of water rates is requested or approved.

West Carroll'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 29, 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. West Carroll is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. West Carroll's proposed plan of financing is accepted.
3. West Carroll is authorized to issue \$369,000 of Water System Revenue Bonds, Series 2005 at an interest rate not to exceed 4.625 percent per annum.
4. The proceeds from the loan agreement shall be used only for the purposes specified in West Carroll's application.
5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, West Carroll may use such surplus to

construct additional plant facility if USDA-RD approves of the use and the additional construction will not result in a change in West Carroll's rates for service. West Carroll shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. West Carroll 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. West Carroll 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 28th day of January, 2005.

By the Commission

ATTEST:



Executive Director

Case No. 2004-00520