

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE CUMBERLAND)
COUNTY WATER DISTRICT, A WATER DISTRICT)
ORGANIZED PURSUANT TO CHAPTER 74 OF THE)
KENTUCKY REVISED STATUTES, IN)
CUMBERLAND COUNTY, KENTUCKY, FOR (1) A)
CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY AUTHORIZING AND PERMITTING)
SAID WATER DISTRICT TO CONSTRUCT WATER)
DISTRIBUTION SYSTEM IMPROVEMENTS,)
CONSISTING OF THE PROJECTS HEREINAFTER)
IDENTIFIED AND (2) THE APPROVAL OF THE)
PROPOSED PLAN OF FINANCING FOR SAID)
PROJECTS.)

CASE NO.
2005-00293

O R D E R

On July 11, 2005, Cumberland County Water District (“Cumberland District”) submitted an application for a Certificate of Public Convenience and Necessity to construct a \$1,489,000 water distribution system improvements project and to obtain an approval of the proposed plan of financing.

Cumberland District states the project consists of the construction and installation of approximately 20,000 feet of 8-inch PVC water line along Kentucky Highway 61 South; 10,500 feet of 6-inch PVC water line along Palestine Road; 3,500 feet of 6-inch PVC water line, 4,500 feet of 4-inch PVC water line, and 7,600 feet of 3-inch PVC water line along Davidson Road; and an office building purchase.

Cumberland District proposes to finance the construction through a United States Department of Agriculture, Rural Development (“USDARD”) program by issuing

\$456,000 of its Waterworks Revenue Bonds, Series of 2005; a USDARD Grant in the amount of \$456,000; an Appalachian Regional Commission (“ARC”) grant in the amount of \$300,000; and a Commonwealth of Kentucky Grant in the amount of \$277,000. Cumberland District has a commitment from USDARD to purchase said \$456,000 of bonds maturing over a 40-year period, at an interest rate not exceeding 4.5 percent per annum.

Cumberland District'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 11, 2005, 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. Cumberland District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Cumberland District's proposed plan of financing is accepted.
3. Cumberland District is authorized to issue \$456,000 of Water System Revenue Bonds at an interest rate not to exceed 4.5 percent per annum.
4. The proceeds from the loan agreement shall be used only for the purposes specified in Cumberland District's application.

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

6. Cumberland 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.

7. Cumberland District 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 July, 2005.

By the Commission

ATTEST:



Executive Director

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