

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE GRAYSON COUNTY)	
WATER DISTRICT FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY)	CASE NO.
TO CONSTRUCT AND FINANCE A WATER)	2005-00358
IMPROVEMENT PROJECT PURSUANT TO)	
KRS 278.023)	

O R D E R

On September 2, 2005, Grayson County Water District ("Grayson Water") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$2,500,000 waterworks improvement project and for approval of its plan of financing for this project. The project consists of the installation of approximately 6 miles of 8-inch and 6-inch water transmission mains, a booster pumping station, a 500,000-gallon and 100,000-gallon elevated water storage tank, a 500,000-gallon ground water storage tank, and related appurtenances. Project funding includes the issuance of \$1,350,000 of its Water System Revenue Bonds to the U.S. Department of Agriculture's Rural Development ("RD"), a \$650,000 grant from RD, a Kentucky Infrastructure Authority Tobacco Development Fund grant in the amount of \$400,000, and an applicant contribution of \$100,000.

Grayson 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 September 2, 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. Grayson Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Grayson Water's proposed plan of financing with RD is accepted.
3. Grayson Water is authorized to issue \$1,350,000 of Water System Revenue Bonds maturing over a 40-year period 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 Grayson Water's application.
5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Grayson 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 Grayson Water's rates for service. Grayson Water shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.
6. Grayson 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 with 60 days of the substantial completion of the construction certified herein.

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

8. Grayson 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 29th day of September, 2005.

By the Commission

ATTEST:


Executive Director