

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF FLEMING COUNTY WATER)	
ASSOCIATION, INC. FOR (1) A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY (2))	CASE NO.
APPROVAL OF THE PROPOSED PLAN OF)	2009-00163
FINANCING SAID PROJECT AND (3) AN ORDER)	
APPROVING THE ADJUSTMENT OF RATES)	

O R D E R

On April 30, 2009, Fleming County Water Association, Inc. ("Fleming Water") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$646,695 waterworks improvement project. This project consists of the construction and installation of approximately seven miles of eight-inch through three-inch water mains and related appurtenances to provide reliable service to its existing customers. Project funding consists of a \$375,000 loan from the U.S. Department of Agriculture's Rural Development ("RD") and a \$271,695 grant from RD.

Fleming 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 April 30, 2009, 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. Fleming Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Fleming Water's proposed plan of financing with RD is accepted.

3. Fleming Water is authorized to issue its Waterworks Revenue Bonds from the RD loan in the amount of \$375,000 at an interest rate not exceeding five percent per annum, maturing over 40 years.

4. The proceeds from the loan agreement with RD shall be used only for the purposes specified in Fleming Water's application.

5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Fleming 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 Fleming Water's rates for service. Fleming Water shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. Fleming 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 certified herein.

7. Fleming 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), Fleming Water shall take immediate action to ensure that the level of service conforms to the regulations of the Commission.

8. Fleming Water shall notify the Commission one week prior to the actual start of construction and at the fifty percent completion point.

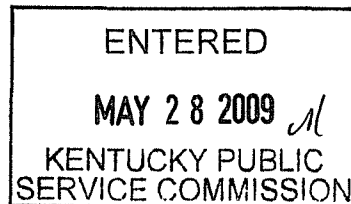
9. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

10. Within 30 days of the date of this Order, Fleming Water shall file with the Commission its revised tariffs setting out the rates approved herein.

11. Three years from the date of this Order, Fleming Water shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

By the Commission



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2009-00163 DATED **MAY 28 2009**

The following rates and charges are prescribed for the customers in the area served by Fleming County Water Association. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Rates

First 2,000	\$17.00 Minimum Bill
Next 8,000	6.60 Per 1,000 Gallons
Next 40,000	5.14 Per 1,000 Gallons
Over 50,000	3.95 Per 1,000 Gallons

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