

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FOUNTAIN RUN WATER)	
DISTRICT FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO)	CASE NO.
CONSTRUCT, FINANCE, AND INCREASE RATES)	2009-00201
PURSUANT TO KRS 278.023)	

O R D E R

On June 1, 2009, Fountain Run Water District ("Fountain Run District") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$1,225,000 waterworks improvement project. The project consists of the construction of approximately 13,500 linear feet of six-inch water line; a 200,000-gallon elevated water storage tank; a new booster pumping station; a supervisory control and data acquisition system; and a new master meter.

Fountain Run District proposes to finance the construction of the project through the issuance of \$689,000 of its Waterworks Revenue Bonds; a USDA Rural Development ("RD") grant in the amount of \$436,000; and an Appalachian Regional Commission grant in the amount of \$100,000. The Applicant has a commitment from RD to purchase said \$689,000 bonds maturing over a 40-year period at an interest rate not to exceed 2.75 percent per annum.

Fountain Run District's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the USDA 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 June 1, 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. Fountain Run District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Fountain Run District's proposed plan of financing is accepted.

3. Fountain Run District is authorized to issue Water System Bonds in the amount of \$689,000 at an interest rate not to exceed 2.75 percent per annum.

4. The proceeds from the revenue bond issuance shall be used only for the purposes specified in Fountain Run District's application.

5. Fountain Run District shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

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

7. Fountain Run 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.

8. Fountain Run District shall notify the Commission one week prior to the actual start of construction and at the 50-percent completion point.

9. Three years from the effective date of this Order, Fountain Run District 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.

10. Fountain Run District 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), Fountain Run District shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

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

12. Within 30 days of the date of this Order, Fountain Run District shall file revised tariff sheets setting out the rates approved in the Appendix.

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

By the Commission

ENTERED
JUN 25 2009 *M*
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

Richard D. Reff
for Executive Director

Case No. 2009-00201

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN
CASE NO. 2009-00201 DATED **JUN 25 2009**

The following rates and charges are prescribed for the customers in the area served by Fountain Run Water District No. 1. 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 Water Rates

First	2,000	Gallons	\$16.26	Minimum Bill
Next	3,000	Gallons	5.61	per 1,000 Gallons
Next	5,000	Gallons	5.20	per 1,000 Gallons
Next	10,000	Gallons	4.43	per 1,000 Gallons
All Over	20,000	Gallons	3.75	per 1,000 Gallons

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