

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE GARRARD COUNTY WATER ASSOCIATION)
INC., APPLICATION FOR CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY,) CASE NO. 8968
AND APPLICATION FOR ORDER AUTHORIZING)
ISSUE OF NOTE)

O R D E R

By Order entered August 7, 1984, the Garrard County Water Association ("Garrard Water") was granted a certificate of convenience and necessity for construction of distribution system extensions to serve 252 applicants for service. The \$958,500 in project funds secured by Garrard Water exceeded the needs for its new project by about \$160,000. This surplus presented Garrard Water with an opportunity to extend service to additional residents of Garrard County. The Commission recognized this opportunity and approved Garrard Water's \$958,500 plan of financing with the stipulation that its additional construction would also require approval of the Commission.

Garrard Water's first phase of additional construction was approved by Order entered August 6, 1985. It extended service to 67 additional applicants at a cost of about \$140,000 of which \$119,493 was directly related to construction.

By application filed February 25, 1986, Garrard Water is seeking approval of its second and last phase of additional construction. It will extend service to 8 applicants through about 4,870 feet of 4-inch pipeline. The cost including fees, contingencies and other indirect costs will be about \$34,074 of which \$19,321.50 is the estimate for direct construction costs.

A copy of a letter from the Division of Water of the Natural Resources and Environmental Protection Cabinet approving the proposed construction was filed with the application.

Findings and Orders

The Commission, after consideration of the application for approval of a second phase of additional construction, is of the opinion and finds that:

1. Public convenience and necessity require that the construction proposed in the application filed February 25, 1986, be performed and that a certificate of public convenience and necessity be granted.

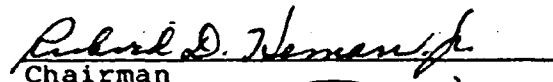
2. The method of financing utilizing the balance of about \$20,000 in Garrard Water's previously approved FmHA financing of \$958,500 and \$14,074 in supplemental contributions by Garrard Water should be approved.

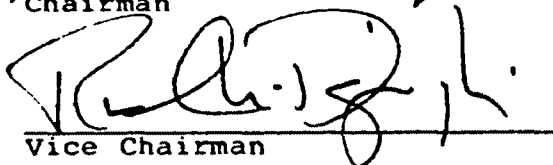
IT IS THEREFORE ORDERED that: Garrard Water be and it hereby is granted a certificate of public convenience and necessity for its second phase of additional construction as described by its application filed February 25, 1986, and herein approved.

IT IS FURTHER ORDERED that: Garrard Water's method for financing the proposed construction be and it hereby is approved.

Done at Frankfort, Kentucky, this 15th day of April, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary