

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BULLOCK PEN WATER)	
DISTRICT OF GRANT COUNTY, KENTUCKY, FOR)	
ORDER APPROVING CONSTRUCTION, FINANCING)	CASE NO. 95-249
AND CERTIFICATE OF PUBLIC CONVENIENCE)	
AND NECESSITY)	

O R D E R

By application filed June 26, 1995, Bullock Pen Water District ("Bullock Pen") is seeking authorization to construct a \$2,316,389 waterworks improvement project, and approval of its plan of financing for this project. Project funding includes a \$1,500,000 loan from the Kentucky Association of Counties Leasing Trust ("KACoLT"), a \$671,714 Community Development Block Grant ("CDBG"), a \$30,000 grant from Grant County, a \$10,000 grant from Boone County, a \$2,000 grant from Gallatin County, \$30,000 in Bullock Pen funds and \$72,675 from applicants for service in the project area. The loan will be for a 24-year period at an interest of 6.975 percent per annum.

Additional engineering information was requested by Commission Order entered July 17, 1995. This information was due August 7, 1995. By letter received July 24, 1995, Bullock Pen requested that an Informal Conference with Commission Staff be held on July 28, 1995. Bullock Pen's request was granted and an Informal Conference was held on July 28, 1995. Bullock Pen's proposed response to the July 17, 1995 Commission Order was discussed during the Informal

Conference. Bullock Pen's response to the July 17, 1995 Order was received by the Commission on August 1, 1995.

The proposed construction will provide water service to about 376 additional customers. Plans and specifications for the proposed improvements prepared by CMW, Inc. of Richmond, Kentucky ("Engineer"), have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Public convenience and necessity require that the construction proposed be performed and that a Certificate of Public Convenience and Necessity be granted.

2. The proposed construction consists of about 41.2 miles of 6-inch diameter pipelines, a 200,000-gallon water storage tank and related appurtenances. After allowances are made for fees, contingencies, and other indirect costs, the total cost of this project is approximately \$2,316,389.

3. Bullock Pen should 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), Bullock Pen should take immediate action to maintain the level of service in conformance with the regulations of the Commission.

4. Bullock Pen should only install fire hydrants in those instances where the installation complies with the requirements of 807 KAR 5:066, Section 10(2)(b).

5. Bullock Pen should obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

6. Any deviation from the construction approved should be undertaken only with the prior approval of the Commission.

7. Bullock Pen should furnish documentation of the total costs of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

8. Bullock Pen should require construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

9. Bullock Pen should furnish, within 60 days of the date of substantial completion of this construction, a copy of "as-built" drawings and a signed statement of the Engineer that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

10. The financing plan proposed by Bullock Pen is for lawful objects within the corporate purpose of its utility operations, is necessary and appropriate for and consistent with the proper

performance of the utility's service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose. It should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Bullock Pen be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project as set forth in the drawings and specifications on record herein.

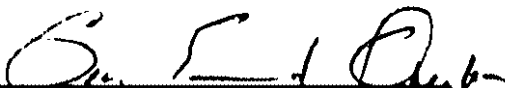
2. Bullock Pen's financing plan consisting of a \$1,500,000 loan from KAColt, \$671,714 in CDBG funds, a \$30,000 grant from Grant County, a \$10,000 grant from Boone County, a \$2,000 grant from Gallatin County, \$30,000 in Bullock Pen funds, and a contribution from the applicants for service of \$72,675 is hereby approved. The financing herein approved shall be used only for the lawful purposes specified in Bullock Pen's application.

3. Bullock Pen shall comply with the requirements contained in Findings 3 through 9.

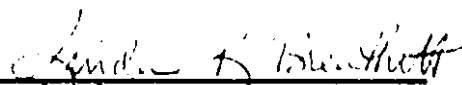
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein authorized.

Done at Frankfort, Kentucky, this 2nd day of August, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director