

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LAUREL COUNTY WATER)
DISTRICT #2 FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO CONSTRUCT) CASE NO.
WATER SYSTEM IMPROVEMENTS AND EXTENSIONS) 95-551
AND FOR APPROVAL OF FINANCING)

O R D E R

On January 10, 1996, Laurel County Water District #2 ("Laurel Water") filed an application for a Certificate of Public Convenience and Necessity to construct a \$1,324,000 waterworks improvement project, and for approval of its plan of financing for this project. This project will upgrade and expand the existing water plant. Project funding includes a \$1,274,000 loan through Kentucky Infrastructure Authority ("KIA"), comprised of KIA Fund B2 loan proceeds of \$450,000 to be amortized over a 20-year period at an interest rate of 1.6 percent per annum and KIA Fund C loan proceeds of \$824,000 to be amortized over a 20-year period at a maximum interest rate of 7.0 percent per annum and \$50,000 from Laurel Water's own funds.

The proposed construction is expected to increase plant production and decrease the amount of water purchased from the city of London. Plans and specifications for the proposed improvements prepared by Mayes, Sudderth, and Etheredge, Inc. 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 two conical upflow clarifier units, a third filter unit, an expanded clearwell, and related appurtenances.

3. Laurel Water should obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

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

5. Laurel Water 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.

6. Laurel Water should require construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering.

IT IS THEREFORE ORDERED that:

1. Laurel Water 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 of record herein.

2. Laurel Water's proposed plan of financing with KIA is accepted.

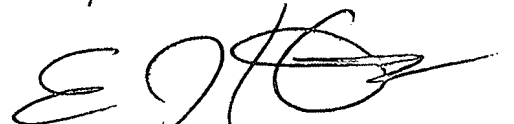
3. Laurel Water shall comply with the requirements contained in Findings 3 through 6 as if the same were individually so ordered.

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 20th day of February, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director