

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HARDIN COUNTY WATER)
DISTRICT NO. 2 FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY AUTHORIZING)
CONSTRUCTION OF PHASE II OF ITS CUSTOMER)
SERVICE CENTER FACILITY PURSUANT TO THE)
PROVISIONS OF KRS 278.020 AND 807 KAR 5:001)

CASE NO.
98-032

O R D E R

Hardin County Water District No. 2 ("Hardin No. 2") has applied for a Certificate of Public Convenience and Necessity to construct Phase II of its Customer Service Center at a cost of \$1,206,858. Having reviewed the application and being otherwise sufficiently advised, the Commission finds:

1. Hardin No. 2 proposes to construct a 12,437 square foot shop building and a 7,200 square foot metal storage building.
2. The proposed buildings will be located next to the new Customer Service Center that was completed in Phase I on October 31, 1997.
3. The proposed construction will bring all of Hardin No. 2's operations to one central location.
4. Hardin No. 2's existing facilities lack adequate space to store materials and equipment and to allow employees to perform their job duties efficiently.
5. After allowances for fees, contingencies, and other indirect costs, the total project cost is approximately \$1,206,858.

6. Hardin No. 2 proposes to sell the existing facility, which has been appraised for \$300,000, once Phase II is complete.

7. Hardin No. 2 proposes to finance the proposed project from its depreciation fund, the proceeds from the sale of the old facility, and other unrestricted reserve funds. Hardin No. 2 does not intend to adjust its rates for water service to cover the system's cost.

8. Construction of the proposed building will not result in the wasteful duplication of existing facilities.

9. The public convenience and necessity require the construction of the proposed buildings.

IT IS THEREFORE ORDERED that:

1. Hardin No. 2 is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction as set forth in its application.

2. Hardin No. 2 shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.


3. Any deviation from the construction approved shall be undertaken only with the prior approval of the Commission.

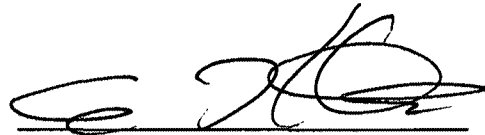
4. Hardin No. 2 shall furnish documentation of the total costs of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

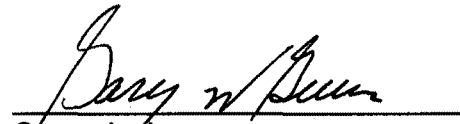
5. Hardin No. 2 shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

Done at Frankfort, Kentucky, this 10th day of March, 1998.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director