

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST CLARK COUNTY)	
WATER DISTRICT FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY TO)	CASE NO.
CONSTRUCT AND FINANCE AN IMPROVEMENTS)	2000-021
PROJECT)	

O R D E R

On February 16, 2000, East Clark County Water District (“East Clark”) filed an application with the Commission seeking a Certificate of Public Convenience and Necessity for the construction of a water main improvement project and approval of its proposed method of financing. The application stated in paragraph 7 that additional water lines would be included in the project and that all necessary documentation on the additional water lines would be filed with the Commission at a later date. On February 28, 2000, this Commission entered an Interim Order granting East Clark a Certificate of Public Convenience and Necessity for the construction on the original submission in order to provide East Clark the opportunity to award construction contracts before the expiration of bids, but deferred its decision on the additional water lines as well as the proposed financing plan. On March 13, 2000, East Clark submitted to the Commission the required documentation on the additional water lines and on March 17, 2000, amended the application to include a source of financing that was inadvertently omitted.

This Order supplements the Interim Order entered on February 28, 2000 to consider the proposed additional water line extensions and all other matters of the application not addressed by the Interim Order.

The proposed additional extensions consist of the construction of approximately 8.3 miles of 4-inch water lines serving approximately 49 customers. The Division of Water of the Natural Resources and Environmental Protection Cabinet has approved the plans and specifications for the proposed extensions, prepared by Howard K. Bell Consulting Engineers, Inc. of Lexington, Kentucky.

East Clark proposes to fund the additional water line extensions, as well as the construction project previously approved by the Commission on February 28, 2000, via tap fees in the amount of \$31,900, a Community Development Block Grant in the approximate amount of \$555,931, a \$400,000 State Surplus Grant, and a publicly sold revenue bond issue in the approximate amount of \$925,000 (plus or minus 10 percent). The Series 2000 bonds mature in various annual amounts from 2001 through 2030 and bear interest at an average rate expected to be in the range of 4.2 to 6.3 percent.

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 for the additional water lines be performed and that a Certificate of Public Convenience and Necessity be granted.
2. The proposed construction consists of approximately 8.3 miles of 4-inch water lines and related appurtenances.

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

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

5. East Clark 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. East Clark should require construction to be inspected under the general supervision of a professional engineer with Kentucky licensure, competent to practice 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.

7. The financing plan proposed by East Clark is for lawful objects within the corporate purpose of its utility operation, 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 for such purpose. It should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. East Clark is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project consisting of approximately 8.3 miles of 4-inch water lines and related appurtenances.

2. East Clark shall comply with the requirements contained in Findings 3 through 6 as if the same were individually so ordered.

3. The financing plan proposed by East Clark is approved.

4. East Clark is authorized to issue bonds for an approximate principal amount not to exceed \$925,000, at an interest rate averaging between 4.2 percent and 6.3 percent per annum.

5. East Clark shall issue its proposed Series 2000 Bonds only on such terms that are consistent with its application.

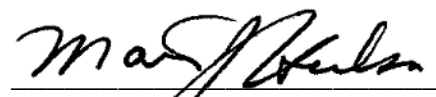
6. East Clark shall, within 30 days after issuance of the securities, advise the Commission in writing of the date or dates of the securities, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting discounts or commissions, or other compensation involved in the issuance and distribution.

7. The proceeds from the transactions authorized herein shall be used only for the lawful purposes specified in East Clark's application. Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 6th day of April, 2000.

By the Commission

ATTEST:


Executive Director