

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE GRAYSON COUNTY)	
WATER DISTRICT FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY TO)	
CONSTRUCT AN IMPROVEMENTS PROJECT AND)	
TO ISSUE SECURITIES IN THE APPROXIMATE)	CASE NO.
PRINCIPAL AMOUNT OF \$365,000 FOR THE)	2002-00296
PURPOSE OF FINANCING SAID PROJECT)	
PURSUANT TO THE PROVISIONS OF KRS)	
278.020, 278.300 AND 807 KAR 5:001)	

O R D E R

On August 29, 2002, Grayson County Water District ("Grayson District") applied for a Certificate of Public Convenience and Necessity to construct a \$502,000 waterworks improvement project and for approval of its plan for financing the project. The proposed project consists of the construction of approximately 16,500 linear feet of 16-inch PVC water transmission mains, 400 linear feet of 16-inch ductile iron water transmission mains and related appurtenances. Project funding is a \$365,000 loan from the Kentucky Rural Water Finance Corporation at 4.22 percent for 10 years and a \$137,000 contribution from the applicant.

The proposed project includes the installation of approximately 3.2 miles of 16-inch water transmission main to improve water flow and pressure to Grayson District's customers served by the Duff water storage tank. Plans and specifications for the proposed improvements prepared by Cann-Tech, LLC of Lawrenceburg, Kentucky, 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 the construction of approximately 16,500 linear feet of 16-inch PVC water transmission mains, 400 linear feet of 16-inch ductile iron water transmission mains and related appurtenances.

3. The proposed project will improve water flow and pressure to Grayson District's customers served by the Duff water storage tank.

4. Grayson District should obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

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

6. Grayson District 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.

7. Grayson District shall require construction to be inspected under the general supervision of a licensed professional engineer with a Kentucky licensure, competent 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.

8. The financing plan proposed by Grayson District is for a lawful object 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, will not impair its ability to perform that service, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Grayson District is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project consisting of approximately 3.2 miles of 16-inch water transmission mains and related appurtenances.

2. Grayson District shall comply with the requirements contained in Findings 4 through 7 as if the same were individually so ordered.

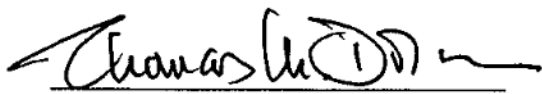
3. The financing plan proposed by Grayson District is approved.

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 18th day of September, 2002.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Charles H. [unclear]", written over a horizontal line.

Executive Director