

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE MCCREARY COUNTY)	
WATER DISTRICT FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY TO)	CASE NO. 2004-00516
CONSTRUCT AN IMPROVEMENTS PROJECT)	
PURSUANT TO KRS 278.020)	

ORDER

On December 21, 2004, McCreary County Water District ("McCreary County") tendered its application for a Certificate of Public Convenience and Necessity to construct a \$1,280,000 waterworks project. Because the application failed to comply with 807 KAR 5:001, Section 9, the Commission did not accept it for filing until January 12, 2005, when McCreary County cured the application's deficiencies.

The proposed project involves the installation of approximately 21,590 linear feet of 12-inch ductile water transmission main and appurtenances. McCreary County states that the increased size of the transmission main will benefit all users by increasing water supply during peak usage time. McCreary County also states that the proposed project will allow the elimination of an existing water treatment plant that requires major renovation and repairs.

McCreary County proposes to finance the project through a United States Bureau of Prisons grant in the amount of \$1,130,000 and a loan in the amount of \$150,000 from the Bank of McCreary County. The anticipated interest rate of the interim loan is 4.31 percent. McCreary County plans to refinance this loan with an anticipated block grant for which it has applied.

Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. McCreary County is a water district organized pursuant to KRS Chapter 74.

2. McCreary County owns and operates facilities used to distribute water for compensation to approximately 5,820 customers in McCreary County, Kentucky.

3. McCreary County proposes to install approximately 21,590 linear feet of 12-inch ductile water transmission main and appurtenances.

4. The proposed water main will increase water supply in the system during peak usage and permit the elimination of an existing water treatment facility that requires major renovation.

5. The estimated total cost of the proposed project, including construction cost, contingencies, and engineering and inspection fees is \$1,280,000.

6. McCreary County proposes to finance the project through a United States Bureau of Prisons grant in the amount of \$1,130,000 and an interim loan in the amount of \$150,000 at an interest rate of 4.31 percent.

7. Monarch Engineering, Inc. of Lawrenceburg, Kentucky, prepared the plans and specifications for the proposed project.

8. The Division of Water of the Kentucky Environmental and Public Protection Cabinet has approved the plans and specifications for the proposed project.

9. The proposed project will not compete or conflict with the facilities of other jurisdictional utilities operating in the same area.

10. The proposed project will not result in the wasteful duplication of utility facilities.

11. The public convenience and necessity require the proposed project.

IT IS THEREFORE ORDERED that:

1. McCreary County is granted a Certificate of Public Convenience and Necessity to proceed with the proposed waterworks project as set forth in the plans and specifications of record herein.

2. McCreary County shall obtain approval from the Commission prior to performing any additional construction not expressly authorized within this Order.

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

4. McCreary County 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 should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

5. McCreary County shall require the 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.

6. McCreary County 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.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 5th day of May, 2005.

By the Commission

ATTEST:


Executive Director