

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE BIG SANDY WATER)	
DISTRICT FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO)	CASE NO.
CONSTRUCT AND FINANCE AN)	2005-00230
IMPROVEMENTS PROJECT PURSUANT TO KRS)	
278.020 AND 278.300)	

ORDER

On June 17, 2005, Big Sandy Water District ("Big Sandy") applied for a Certificate of Public Convenience and Necessity ("CPCN") to construct and finance a \$1,593,937 waterworks project. The proposed project involves the construction and installation of approximately 64,000 linear feet of 6-inch waterline, 28,000 linear feet of 4-inch waterline, and 67,000 linear feet of 3-inch waterline. Big Sandy states the project will provide potable water to approximately 100 new customers in Lawrence County and will have no adverse affect or impact on existing customers.

Big Sandy proposes to finance the project through two Coal Severance Grants in the amounts of \$150,000 and \$500,000, a Kentucky 2020 Grant in the amount of \$211,937, and a loan in the amount of \$732,000 from the Kentucky Rural Water Finance Corporation.

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

1. Big Sandy is a water district organized pursuant to KRS Chapter 74.

2. Big Sandy owns and operates facilities used to distribute water for compensation to approximately 3,713 customers in Boyd, Carter, and Lawrence counties, Kentucky.

3. Big Sandy proposes to construct approximately 64,000 linear feet of 6-inch waterline, 28,000 linear feet of 4-inch waterline, and 67,000 linear feet of 3-inch waterline in Lawrence County.

4. The proposed project will provide potable water to approximately 100 new customers in Lawrence County.

5. Sisler-Maggard Engineering, PLLC of Lexington, Kentucky prepared the plans and specifications for the proposed project.

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

7. The proposed construction will neither create wasteful duplication of plant, equipment, property, or facilities, nor result in uneconomic or wasteful competition between public utilities.

8. Public convenience and necessity require the construction set forth in Big Sandy's application.

9. The estimated total cost of the proposed project, including construction cost, contingencies, and engineering and inspection fees, is \$1,593,937.

10. Big Sandy proposes to finance the proposed project through two Coal Severance Grants in the amounts of \$150,000 and \$500,000, a Kentucky 2020 Grant in the amount of \$211,937, and a loan in the amount of \$732,000 from the Kentucky Rural Water Finance Corporation.

IT IS THEREFORE ORDERED that:

1. Big Sandy is granted a Certificate of Public Convenience and Necessity to construct the proposed waterworks project as set forth in the plans and specifications of record herein.

2. Big Sandy's proposed plan of financing is approved.

3. Big Sandy is authorized to enter into the proposed loan agreement with Kentucky Rural Water Finance Corporation to borrow \$732,000 and to repay such loan over a 25-year period at interest rates varying from 3.12 percent to 4.62 percent. Big Sandy shall use the proceeds from the loan authorized herein only for the purpose of financing the proposed project.

4. Big Sandy shall obtain approval from the Commission prior to performing any additional construction not expressly authorized within this Order.

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

6. Big Sandy 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.

7. Big Sandy 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.


8. Big Sandy 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 11th day of August, 2005.

By the Commission

ATTEST:



Executive Director