

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HENDERSON COUNTY)
WATER DISTRICT FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY TO) CASE NO. 2005-00238
CONSTRUCT AN IMPROVEMENTS PROJECT)
PURSUANT TO KRS 278.020)

ORDER

On June 23, 2005, Henderson County Water District ("Henderson District") applied for a Certificate of Public Convenience and Necessity to construct 27 miles of new or replacement water mains and related appurtenances at an estimated cost of \$1,530,635. Henderson District will finance these improvements with a grant from the Coal Development Fund. On July 7, 2005, Henderson District moved for leave to withdraw its application on the grounds that Kentucky law does not require it to obtain a Certificate of Public Convenience and Necessity to construct the proposed improvements.

In its 2005 Annual Session, the Kentucky General Assembly enacted legislation that exempts certain water improvement projects of water districts and water associations from the requirement of obtaining a Certificate of Public Convenience and Necessity. This Act provides:

A water district created pursuant to KRS Chapter 74 and a water association created pursuant to KRS Chapter 273 that undertakes a waterline extension or improvement project shall not be required to obtain a certificate of public convenience and necessity pursuant to KRS 278.020(1) if the water district or water association is a Class A or B utility as defined in the Uniform System of Accounts established by

the Public Service Commission, pursuant to KRS 278.220, as the system of accounts prescribed for utilities in Kentucky, and either: (a) The water line extension or improvement project will not cost in excess of \$500,000; or (b) The water district or water association will not, as a result of the water line extension or improvement project, incur obligations requiring Public Service Commission approval pursuant to KRS 278.300. In either case, the water district or water association shall not, as a result of the water line extension or improvement project, increase rates to its customers.

2005 Ky. Acts Chapter 173.¹

Based upon our review of this Act and the application, the Commission finds that:

1. Henderson District will not, as a result of the proposed improvement project, incur obligations that will require Commission approval pursuant to KRS 278.300.
2. Henderson District will not, as a result of the proposed improvement project, increase its rates for water service to its customers.
3. The proposed construction is exempt from any requirement to obtain a Certificate of Public Convenience and Necessity.

IT IS THEREFORE ORDERED that:

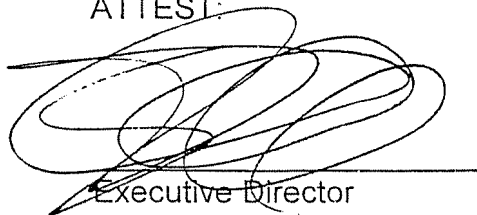
1. Henderson District's Motion for Leave to Withdraw Application is granted.
2. This case is closed and is removed from the Commission's docket.

¹ This Act became effective March 22, 2005 and will expire June 30, 2006.

Done at Frankfort, Kentucky, this 11th day of August, 2005.

By the Commission

ATTEST:



Executive Director

Case No. 2005-00238