

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SANDY HOOK WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO) CASE NO. 2005-00278
CONSTRUCT AN IMPROVEMENTS PROJECT)
PURSUANT TO KRS 278.020)

ORDER

On July 6, 2005, Sandy Hook Water District ("Sandy Hook") applied for a Certificate of Public Convenience and Necessity to construct water system improvements totaling \$1,085,464. Sandy Hook will finance these improvements with a 2003 Coal Development Fund grant of \$800,000 and a 2005 Coal Development Fund grant of \$894,444. On July 19, 2005, Sandy Hook 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. Sandy Hook will not, as a result of the proposed improvement project, incur obligations that will require Commission approval pursuant to KRS 278.300.
2. Sandy Hook 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. Sandy Hook's Motion for Leave to Withdraw Application is granted.
2. This case is closed and is removed from the Commission's docket.

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

By the Commission

ATTEST:



Executive Director

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