

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| APPLICATION OF THE LEVEE ROAD WATER) | CASE NO. |
| ASSOCIATION FOR A CERTIFICATE OF PUBLIC) 2005-00535 | |
| CONVENIENCE AND NECESSITY TO) | |
| CONSTRUCT AN IMPROVEMENTS PROJECT) | |
| PURSUANT TO KRS 278.020) | |

O R D E R

On December 14, 2005, Levee Road Water Association ("Levee Road") applied for a Certificate of Public Convenience and Necessity ("CPCN") to construct a \$461,300 waterworks project. The proposed project involves the construction and installation of approximately 8,120 feet of 6-inch waterline, 100 feet of 8-inch waterline, a 122,000-gallon water storage tank, a new telemetry system, and appurtenances.

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

1. Levee Road is a water association organized pursuant to KRS Chapter 273.
2. Levee Road owns and operates facilities used to distribute water for compensation to approximately 800 customers in Montgomery County, Kentucky.
3. Levee Road proposes to construct a 122,000-gallon water storage tank and install approximately 8,120 feet of 6-inch waterline and 100 feet of 8-inch waterline.
4. The estimated total cost of the proposed project, including construction costs, contingencies, and engineering and inspection fees is \$461,300.

5. Levee Road proposes that the total project cost will be fully funded by a Tobacco Settlement Grant in the aggregate amount of \$461,300. These funds do not have any federal involvement.

6. H.A. Spalding Engineers, Inc. of Hazard, Kentucky, prepared the plans and specifications for the proposed project.

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

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

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

10. Public convenience and necessity require the proposed project.

IT IS THEREFORE ORDERED that:

1. Levee Road is granted a CPCN to proceed with the proposed waterworks project as set forth in the plans and specifications of record herein.

2. Levee Road 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. Levee Road shall furnish documentation of the total costs of this project including the costs 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. Levee Road shall require the construction to be inspected under the general supervision of a licensed 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. Levee Road 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.

Done at Frankfort, Kentucky, this 3rd day of March, 2006.

By the Commission

ATTEST:



A handwritten signature in black ink, appearing to read "John D. [illegible]".

Executive Director