

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTH SHELBY WATER)
COMPANY FOR A CERTIFICATE OF PUBLIC) CASE NO.
CONVENIENCE AND NECESSITY TO CONSTRUCT) 2008-00232
PURSUANT TO THE PROVISIONS OF KRS 278.020)

O R D E R

North Shelby Water Company ("North Shelby") has applied for a Certificate of Public Convenience and Necessity ("CPCN") for a waterworks improvement project at an approximate total project cost of \$2,155,708. Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. North Shelby proposes to construct approximately 9.5 miles of 12-inch ductile iron pipe, 960 linear feet of 6-inch polyvinyl chloride pipe, and related appurtenances to increase the flow of water from its supplier, Louisville Water Company.
2. This project will be constructed in western Shelby County, Kentucky and will tie to North Shelby's central water storage tank in Shelbyville.
3. The construction is in the public interest and will increase the supply of water to eliminate chronic water shortages in these areas and to provide fire protection.
4. North Shelby proposes to fund the project from \$1.5 million in approved grants administered through the Kentucky Infrastructure Authority and \$655,708 from internally generated funds.
5. Warner A. Broughman III and Associates of Lexington, Kentucky prepared the drawings and specifications for the proposed project.

6. The Division of Water of the Kentucky Energy and Environment Cabinet has approved the plans and specifications for the proposed project.

7. The public convenience and necessity require the construction of the proposed improvements.

IT IS THEREFORE ORDERED that:

1. North Shelby is granted a CPCN to proceed with the proposed construction as set forth in its application.

2. North Shelby shall notify the Commission prior to performing any additional construction not expressly authorized by this Order.

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

4. North Shelby 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 shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

5. North Shelby 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.

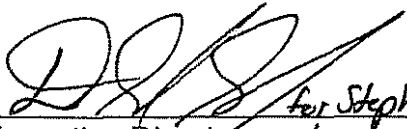
6. North Shelby shall require construction to be inspected under the general supervision of a licensed professional engineer with a Kentucky registration in civil, electrical, or mechanical engineering, to ensure that the construction work is done in

accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

Done at Frankfort, Kentucky, this 14th day of October, 2008.

By the Commission

ATTEST:


Executive Director *for Stephenie Stander*
w/permission