

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE NICHOLAS COUNTY)	
WATER DISTRICT FOR A CERTIFICATE OF)	CASE NO.
PUBLIC CONVENIENCE AND NECESSITY TO)	2009-00126
CONSTRUCT AN IMPROVEMENTS PROJECT)	
PURSUANT TO KRS 278.020)	

ORDER

On March 18, 2009, Nicholas County Water District ("Nicholas District") applied for a Certificate of Public Convenience and Necessity to construct and install various water lines and a 150,000-gallon elevated storage tank.

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

1. Nicholas District proposes to construct approximately 35,000 linear feet of six-inch water line, 25,000 linear feet of three-inch water line, and 3,500 linear feet of two-inch water line; and a 150,000-gallon elevated water storage tank.
2. The estimated total cost of the proposed project, including construction cost, contingencies, and engineering and inspection fees, is \$1,403,000.
3. Sisler-Maggard Engineering, PLLC, prepared the plans and specifications for the proposed project.
4. The Division of Water of the Kentucky Energy and Environment Cabinet has approved the plans and specifications for the proposed project.
5. The proposed project will not compete or conflict with the facilities of other jurisdictional utilities operating in the same area.

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

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

8. The total cost of the project is \$1,403,000 and will be paid for by a state HB 380 grant in the amount of \$428,500; state grant in the amount of \$400,000; and a two-year short-term loan from Kentucky Rural Water Finance Corporation (“KRWFC”) in the amount of \$574,500.¹

IT IS THEREFORE ORDERED that:

1. Nicholas District is granted a Certificate of Public Convenience and Necessity to construct approximately 35,000 linear feet of six-inch water line, 25,000 linear feet of three-inch water line, and 3,500 linear feet of two-inch water line; and a 150,000-gallon elevated water storage tank.

2. Nicholas District 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. Nicholas District shall furnish written evidence 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 construction is substantially

¹ According to KRS 278.300(8) a utility may obtain financing with a term of two years or less without obtaining prior Commission authorization. If the utility converts its financing into long-term debt with a term that is in excess of two years, then it must comply with the requirements of KRS 278.300 and 807 KAR 5:001, Section 11, and seek Commission authorization of such financing.

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. Nicholas District 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. Nicholas District 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 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.

7. Nicholas District shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

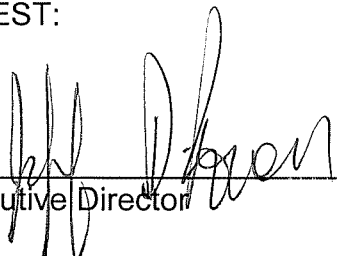
Nothing contained herein shall be deemed a warranty or a finding of value of the securities or the financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this

By the Commission

ENTERED
MAY 21 2009 *al*
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Honorable W. Randall Jones
Attorney at Law
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, KY 40202

Georgia Livingood
Office Manager
Nicholas County Water District
1639 Old Paris Road
Carlisle, KY 40311