

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WHITLEY COUNTY WATER)	
DISTRICT NO. 1 FOR APPROVAL OF FINANCING)	CASE NO.
AND ISSUANCE OF A CERTIFICATE OF)	2010-00200
CONVENIENCE AND NECESSITY)	

O R D E R

Whitley County Water District No. 1 ("WCWD") has applied for a Certificate of Public Convenience and Necessity for a water system rehabilitation project at an approximate total project cost of \$848,000 and for authority to execute a 20-year loan agreement with the Kentucky Infrastructure Authority ("KIA") in the principal amount of \$848,000. Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. WCWD proposes to construct approximately 6.6 miles of six-inch through three-inch water mains, leak detection meters, a booster pump station, and related appurtenances.
2. The proposed project will replace approximately 30,000 linear feet of existing water distribution mains that are currently undersized or deteriorating, thus improving service to 181 existing customers. This project is also designed to allow WCWD to supply potable water to the portion of its system which is currently being purchased from Jellico, Tennessee with water that will be purchased from the city of Williamsburg, Kentucky at a reduced cost.
3. The estimated total cost of the proposed project, including construction cost,

contingencies, and engineering and inspection fees, is \$848,000.

4. Kenvirons, Inc. of Frankfort, Kentucky prepared the plans and specifications for the proposed project.

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

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

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

8. Public convenience and necessity require the proposed project.

9. WCWD proposes to finance the proposed project with a KIA Fund B loan.

10. The proposed KIA loan will have a 20-year term at an interest rate of 0.6 percent per annum.

11. WCWD's proposed loan agreement with KIA is for lawful objects within its corporate purpose, is necessary, appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. WCWD is granted a Certificate of Public Convenience and Necessity to proceed with the proposed water system rehabilitation project as set forth in the plans and specifications of record herein.

2. WCWD is authorized to borrow an amount not to exceed \$848,000 from KIA, maturing over a 20-year period with an interest rate of 0.6 percent per annum.

3. The proceeds from the KIA loan shall be used only for the lawful purposes specified in WCWD's application.

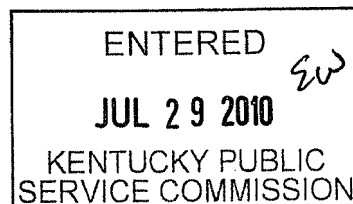
4. WCWD shall notify the Commission prior to performing any additional construction not expressly authorized by this Order.

5. WCWD shall require the construction to be inspected under the general supervision of a 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.

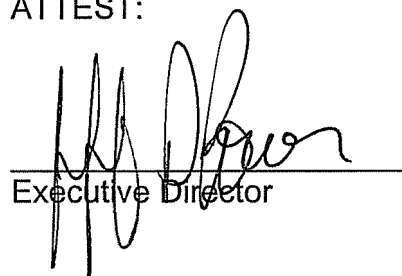
6. Any documents filed in the future pursuant to ordering paragraph 4 herein shall reference this case number and shall be retained in the utility's general correspondence file.

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.

By the Commission



ATTEST:


Executive Director

Honorable John N Hughes
Attorney at Law
124 West Todd Street
Frankfort, KY 40601