

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE OLDHAM COUNTY WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC) CASE NO.
CONVENIENCE AND NECESSITY TO CONSTRUCT) 2006-00065
A 2,000,000-GALLON ELEVATED STORAGE TANK)
PROJECT PURSUANT TO KRS 278.020)

ORDER

On March 3, 2006, Oldham County Water District ("Oldham District ") applied for a Certificate of Public Convenience and Necessity ("CPCN") to construct a 2,000,000-gallon elevated storage tank project.

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

1. Oldham District, a water district organized pursuant to KRS Chapter 74, owns and operates facilities used to distribute water for compensation to approximately 7,509 customers in Oldham County, Kentucky.
2. Oldham District proposes to construct a 2,000,000-gallon elevated water storage tank on a 1.874 acre tract of real estate located between Commerce Parkway and Kentucky Highway 46 in LaGrange, Kentucky.
3. The estimated total cost of the proposed project, including construction costs, contingencies, and engineering and inspection fees, is \$2,354,892.
4. Oldham District proposes to finance the proposed project through an interim construction loan of \$1,000,000 from either the PNC Bank or The Bank –

Oldham County, a grant of \$450,000 from the Kentucky Infrastructure Authority, and internal funds of \$904,892.

5. The proposed project is necessary to ensure that Oldham District can meet the demands of certain portions of its service territory during periods of high demand.

6. The proposed project is part of a comprehensive improvement plan that is intended to maintain a relatively constant hydraulic grade of 990 feet throughout the central and southern portions of Oldham District's distribution system and to ultimately eliminate several booster pumping stations serving that area. Elimination of these pumping stations is expected to result in greater reliability of service, lower maintenance expense, and lower power costs.

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

8. The proposed project will not conflict with the service of other utilities that are operating in the general area in which Oldham District renders service or is contiguous thereto.

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

10. The public convenience and necessity require the proposed project.

IT IS THEREFORE ORDERED that:

1. Oldham District is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project as set forth in the plans and specifications of record herein.
2. Oldham District shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.
3. Any deviation from the construction approved herein shall be undertaken only with the prior approval of the Commission.
4. Oldham District 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 ("USoA") for Water Utilities prescribed by the Commission.
5. Oldham District shall require 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. Oldham District shall notify the Commission in writing 7 days prior to the actual commencement of the proposed construction and when 50 percent of the proposed construction is completed.

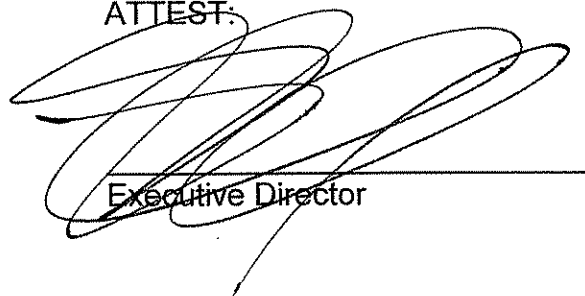
7. Oldham District shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

8. Prior to issuing any evidence of indebtedness for a term that exceeds 2 years to finance the proposed construction, Oldham District shall obtain the Commission's approval for such issuance.

Done at Frankfort, Kentucky, this 26th day of May, 2006.

By the Commission

ATTEST:



Executive Director