

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST CLARK)
COUNTY WATER DISTRICT FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE) CASE NO. 92-343
AND NECESSITY TO UPGRADE ITS)
EXISTING SYSTEM AND TO FINANCE)

INTERIM ORDER

East Clark County Water District ("East Clark") filed its application on August 28, 1992 for a Certificate of Public Convenience and Necessity to construct a \$1,348,800 waterworks improvement project, for approval for financing, and for adjustment to retail rates. This project will provide service to 247 additional customers as well as provide additional water storage capacity. Funding for the proposed project includes \$98,800 from applicants for service in the proposed project area and a \$1,250,000 loan from the Kentucky Association of Counties Leasing Trust ("KACoLT").

East Clark now moves for an interim Order which grants a Certificate of Public Convenience and Necessity for the construction of water main extensions and a water storage tank. As grounds for its motion, East Clark states that it has received a most favorable bid for the construction project - approximately \$126,000 less than originally estimated - and that this bid will expire on September 16, 1992.

This Interim Order will address the construction and financing portion of the application. In the final Order in this case, the Commission will set rates necessary to provide the utility with an opportunity to recover its reasonable operating costs, service its debt and provide a reasonable surplus for equity growth.

After review of the evidence of the record and being otherwise sufficiently advised, the Commission finds that:

1. East Clark proposes to construct water main extensions and a water storage tank to be located at Clark County, Kentucky.

2. Drawings and specifications for the proposed water storage tank were prepared by Howard K. Bell Consulting Engineers, Inc. and have been approved by the Division of Water, Kentucky Natural Resources and Environmental Protection Cabinet.

3. Public convenience and necessity require that the construction identified in East Clark's application be performed and that a Certificate of Public Convenience and Necessity be granted.

IT IS THEREFORE ORDERED that:

1. East Clark's motion for an interim Order is granted.

2. East Clark be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project as set forth in the drawings and specifications of record herein.

3. Any deviations of the construction herein approved which could adversely affect service to any customer shall be done only with prior approval of the Commission.

4. East Clark shall furnish duly verified documentation of the total cost 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. Said construction shall be classified into appropriate plant accounts in accordance with the Uniform System for Water Utilities prescribed by the Commission.

5. East Clark's contract with its engineer shall require the provision of resident inspection 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 construction trades involved in the project.

6. East Clark shall require its engineer to furnish a copy of the "as built" drawings and a signed statement that construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

7. The financing secured by East Clark for this project will be needed to pay for the work herein approved. East Clark's financing plan should, therefore, be approved.

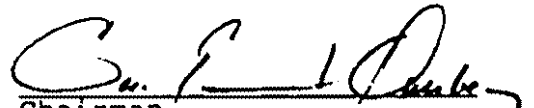
8. Nothing contained herein in this Order shall be construed as constituting approval of any other portion of East Clark's application.

9. East Clark's application for adjustment to retail rates is continued generally.

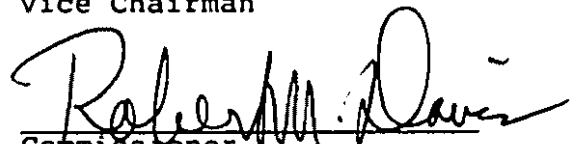
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 16th day of September, 1992.


PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director