

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE HARDIN COUNTY WATER)
DISTRICT NO. 1 FOR A CERTIFICATE OF) CASE NO. 96-043
CONVENIENCE AND NECESSITY TO CONSTRUCT)
A NEW HEADQUARTERS FACILITY)

O R D E R

Hardin County Water District No. 1 ("Hardin District") has applied for a Certificate of Public Convenience and Necessity to construct a \$1,009,000 Headquarters and Service Center Facility. Having reviewed the application, and being otherwise sufficiently advised, the Commission finds that:

1. Hardin District proposes to construct a 10,967 square foot building to serve as Hardin District's headquarters and to house all of Hardin District's operations, equipment, and inventory at one central location.

2. The proposed building will be sited on a ten-acre site at the intersection of Kentucky Highway 1500 and Kentucky Highway 313 in Vine Grove, Kentucky.

3. Hardin District purchased the real estate site in 1993.

4. The proposed location is more centrally located to Hardin District's existing and future planned service areas.

5. Hardin District's existing facilities are located on scattered sites throughout Radcliff, Kentucky.

6. Hardin District's existing facilities lack adequate space to accommodate customer visits, to store inventory and equipment properly, and to allow employees to perform their job duties efficiently.

7. Hardin District's present Service Center fails to conform with the Americans With Disabilities Act in several significant respects.

8. After allowances for fees, contingencies, and other indirect costs, the total project cost is approximately \$1,009,000.

9. Hardin District intends to fund the proposed project from its capital fund reserves and current assets. Hardin District does not intend to adjust its rates for water service to cover the systems cost.

10. Construction of the proposed building will reduce Hardin District's annual rental expense by \$10,800. Hardin District will also receive \$9,800 annually in new revenues from leasing a portion of the proposed building to Nolin Rural Electric Cooperative Corporation.

11. As the proposed building will require less than 50 percent of the real estate site on which it will be located, Hardin District plans to sell the remainder of the site and use the sale proceeds to offset the proposed building's initial construction cost and ongoing maintenance costs.

12. Construction of the proposed building will not result in the wasteful duplication of existing facilities.

13. The public convenience and necessity require the construction of the proposed building.

14. Hardin District should use the proceeds of any sale of the real estate site to replenish its Depreciation Fund and any

other capital reserve used to finance the cost of the proposed construction.

IT IS THEREFORE ORDERED that:

1. Hardin District is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction as set forth in its application.

2. Hardin 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 proposed construction project.

3. Hardin District shall not deviate from the construction approved without prior Commission approval.

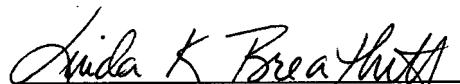
4. Hardin District shall obtain Commission approval before performing any additional construction.

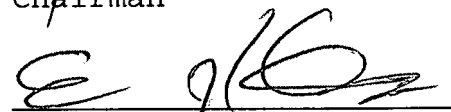
5. Hardin District shall record 50 percent of the purchase cost of the real estate site in Account 103 - Property Held For Future.

6. Within 30 days of each sale of any portion of the real estate site, Hardin District shall notify the Commission in writing of such sale and its proposed use of the sale's proceeds.

Done at Frankfort, Kentucky, this 18th day of April, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director