

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HENDERSON COUNTY)	
WATER DISTRICT FOR (1) ISSUANCE OF)	
CERTIFICATE OF CONVENIENCE AND)	CASE NO.
NECESSITY; (2) AUTHORIZATION TO BORROW)	99-388
FUNDS AND TO ISSUE ITS EVIDENCE OF)	
INDEBTEDNESS THEREFOR; AND (3))	
AUTHORITY TO ADJUST RATES)	

O R D E R

On May 31, 2000, the Commission granted Henderson County Water District ("Henderson District") a Certificate of Public Convenience and Necessity ("CPCN") to construct a waterworks improvement project. Henderson District was authorized to issue bonds in the amount of \$2,625,000 to provide funding for the project. The Commission ordered Henderson District to obtain approval prior to performing any construction not expressly authorized and restricted the use of the bond issue funds to the approved improvement project.

On April 25, 2001, Henderson District notified the Commission that it estimated that after the completion of the previously authorized project it would have \$100,000 remaining from the bond issue. It requested Commission approval to install an additional 10,000 linear feet of new 4-inch water mains at a cost of \$45,000 to \$50,000. In a letter dated May 2, 2001, it stated that other than the 10,000 feet of mains it did not plan any additional construction and that the remaining funds would be used to reimburse Henderson District for expenses. On June 29, 2001, Henderson District revised its request of April 25, 2001 and the information submitted therein. Henderson

District now states that the unused bond funds total \$176,517.79. It requests Commission approval to construct the 10,000 feet of 4-inch main previously described and an additional 10,100 feet of 8-inch main for a total cost of \$108,527. Henderson District requests that the Commission approve the use of the balance of unused funds to pay engineering expenses in the amount of \$13,634.87 and to refund the water district for certain expenses outlined in its application in the amount of \$54,355.92.

The Commission, having considered the request of Henderson District and being otherwise sufficiently advised, finds that Henderson District's request is reasonable and should be granted.

IT IS THEREFORE ORDERED that:

1. Henderson District is granted a CPCN to construct the additional water mains described in this proceeding.
2. Henderson District is authorized to use the remaining, previously approved bond issue funds as requested in its June 29, 2001 filing.
3. Any deviation from the construction approved herein shall be undertaken only with the prior approval of the Commission.
4. Henderson District shall furnish documentation 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 that construction is substantially completed. Construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

5. Henderson District shall require construction to be inspected under the general supervision of a professional engineer licensed in Kentucky with competency in civil or mechanical engineering to ensure that the construction work is done in accordance with the drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

6. Henderson 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.

Done at Frankfort, Kentucky, this 20th day of August, 2001.

By the Commission

ATTEST:


Executive Director