

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE BULLOCK PEN )  
WATER DISTRICT TO ASSUME A NOTE )  
PAYABLE IN THE PRINCIPAL AMOUNT OF ) CASE NO. 2001-344  
\$355,660 PURSUANT TO THE PROVISIONS )  
OF KRS 278.300 AND 807 KAR 5:001 )

ORDER

On November 13, 2001, Bullock Pen Water District ( Bullock Pen ) submitted an application for authority to execute a long-term note in the amount of \$355,660 through the Kentucky Infrastructure Authority s Federally Assisted Drinking Water Revolving Loan Fund. The proceeds will be used to fund a \$408,088 system improvement project. The balance of the project costs will be funded through internally generated funds in the amount of \$52,428.

The improvement project consists of reconstructing 2,235 feet of 12-inch water main and replacing 16,950 feet of 4-inch water main with 8-inch PVC water line. The note payable will carry an annual interest rate of 3.8 percent and be payable over a 20-year term.

On September 9, 2001, Commission Staff issued a legal opinion to Bullock Pen that this proposed improvement project is an extension in the ordinary course of business and, as such, does not require a Certificate of Public Convenience and Necessity. The Commission agrees with Staff for the reasons set forth in Staff s letter of September 9, 2001.

In its filing, Bullock Pen also requests a deviation from Administrative Regulation 807 KAR 5:001, Section 6(9), which requires the submission of a detailed income statement and balance sheet for the period ending not more than 90 days prior to the date of the application. Bullock Pen states in support of its request that there has been no material change with respect to its financial condition since its most recent annual audit report and that it does not have the financial ability to conduct a supplemental audit to comply with the 90-day requirement. The Commission finds that good cause exists to grant Bullock Pen its requested deviation.

The Commission finds that Bullock Pen's plan of financing is for a lawful objective within its corporate purposes, is necessary or appropriate for or consistent with the proper performance of its service to the public and will not impair its ability to perform that service, is reasonably necessary and appropriate for such purpose, and therefore should be approved.

IT IS THEREFORE ORDERED that:


1. Bullock Pen's proposed system improvement project is within the ordinary course of business.
2. Bullock Pen's request for permission to deviate from the requirements of Administrative Regulation 807 KAR 5:001, Section 6(9), is granted.
3. Bullock Pen's proposed plan of financing with the Kentucky Infrastructure Authority is approved.
4. Bullock Pen is authorized to assume a long-term note payable not to exceed \$355,660 with an annual interest rate of 3.8 percent and a 20-year term.
5. The proceeds from the transactions authorized herein shall be used only for the lawful purposes specified in Bullock Pen's application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 9<sup>th</sup> day of January, 2002.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas McCall", written over a horizontal line.

Executive Director