

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BULLOCK)	
PEN WATER DISTRICT REQUESTING:)	
(1) A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY)	
AUTHORIZING CONSTRUCTION OF)	
MAJOR ADDITIONS AND)	CASE NO. 2003-00164
IMPROVEMENTS TO ITS WATER)	
SYSTEM; (2) SEEKING APPROVAL)	
OF REVISED WATER SERVICE)	
RATES AND CHARGES; (3) SEEKING)	
APPROVAL OF FINANCING PURSUANT)	
TO KRS 278.020 AND KRS 278.300)	

INTERIM ORDER

On June 5, 2003, Bullock Pen Water District (Bullock Pen) applied for a Certificate of Public Convenience and Necessity to construct, revise water service rates and charges, and finance a water main improvement project for a total amount of \$2,166,050.

The project consists of the construction of a 200,000 gallon elevated water tank and related structures and facilities in Dry Ridge, Kentucky (Dry Ridge Tank Project); the replacement of approximately 6.44 miles of existing water lines and construction of a 300,000 gallon elevated water tank (Improvement Project); and funding for the purchase of water meters with radio generated meter reading capabilities. Bullock Pen is funding this proposed project, consisting of the water line replacements and the 300,000 gallon water storage tank, through a Kentucky Infrastructure Authority (KIA) loan for a total amount of \$1,229,000. Bullock Pen is funding the 200,000 gallon elevated water storage

tank project through the Kentucky Rural Water Finance Corporation Flexible Term Finance Program in the amount of \$460,000. Further, Bullock Pen plans to finance the purchase of the 500 water meters and their related radio water meter reading equipment through Public-Finance.com, Inc. for the amount of \$477,050.

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

1. Bullock Pen proposes to construct a 200,000 gallon elevated water tank and related structure and facilities in Dry Ridge, Kentucky; replace a total of approximately 6.44 miles of smaller size water lines with 6-inch water lines along Sherman-Newtown Road, Stephenson Mill Road, and Highway 16 and with a 12-inch water line along Violet Road; and a 300,000 gallon elevated water storage tank and appurtenances.

2. Plans and specifications for the proposed improvements prepared by CMW, Inc. of Richmond, Kentucky have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

3. Public convenience and necessity require that the construction identified in Bullock Pen s application be performed as expeditiously as possible and that a Certificate of Public Convenience and Necessity be granted so that construction may commence in a timely manner.

4. Bullock Pen proposes to finance the cost of construction with the proceeds of the KIA loan of \$1,229,000; the Kentucky Rural Water Finance Corporation Flexible Term Finance Program loan of \$460,000; and the Public-Finance.com, Inc. lease/purchase arrangement of \$477,050.

5. The financing as approved is for lawful objects within Bullock Pen s corporate purpose, is necessary and appropriate for and consistent with Bullock Pen s proper performance of its service to the public, will not impair its ability to perform that service, is reasonably necessary and appropriate for that purpose, and therefore should be approved.

IT IS THEREFORE ORDERED that:

1. Bullock Pen 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. Bullock Pen 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 shall be undertaken only with the prior approval of the Commission.

4. Bullock Pen 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. Bullock Pen shall require the construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering. This is 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. Bullock Pen 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.

7. Bullock Pen is authorized to borrow a total amount not to exceed \$2,166,050, consisting of the KIA loan of \$1,229,000; the Kentucky Rural Water Finance Corporation Flexible Term Finance Program loan of \$460,000; and the Public-Finance.com, Inc. lease/purchase arrangement of \$477,050.

8. Bullock Pen shall use the proceeds from the loans authorized herein only for the purpose of financing the proposed project.

9. Bullock Pen s application for an adjustment of rates is continued generally, and nothing contained herein shall be construed as constituting approval of any other portion of Bullock Pen s application.

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 13th day of August, 2003.

By the Commission

ATTEST:


Executive Director

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