

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE LETCHER COUNTY WATER )	
AND SEWER DISTRICT FOR A CERTIFICATE OF )	
PUBLIC CONVENIENCE AND NECESSITY TO )	CASE NO.
CONSTRUCT AND FINANCE A WATER )	2007-00480
IMPROVEMENTS PROJECT PURSUANT TO KRS )	
278.020 AND 278.300 )	

O R D E R

On November 13, 2007, Letcher County Water and Sewer District (“Letcher County”) applied for a Certificate of Public Convenience and Necessity for a water improvement project and for authorization to issue certain evidences of indebtedness. Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. Letcher County proposes to construct approximately 19,345 linear feet of six-inch water line; 6,545 linear feet of three-inch water line; a 30,000-gallon water storage tank; and a booster pumping station.
2. The proposed Project IV will add approximately 104 new customers to Letcher County’s distribution system, will provide necessary upgrades to Letcher County’s existing distribution system, and the new water mains will supply water to areas that Letcher County does not currently serve.
3. The estimated total cost of the proposed project, including construction costs, contingencies, and engineering and inspection fees, is \$1,193,000.

4. Bell Engineers, Inc., of Lexington, Kentucky, prepared the plans and specifications for the proposed project.

5. The Division of Water of the Kentucky Environmental and Public Protection Cabinet has approved the plans and specifications for the proposed project.

6. The proposed project will not compete or conflict with the facilities of other jurisdictional utilities operating in the same area.

7. The proposed project will not result in the wasteful duplication of utility facilities.

8. Public convenience and necessity require the proposed project.

9. The proposed project will be funded from the proceeds of a House Bill 267 Grant in the amount of \$300,000; an IDEF grant in the amount of \$112,000; and a loan in the approximate amount of \$781,000 from the Kentucky Infrastructure Authority ("KIA") through its Fund F Program.

10. The proposed KIA loan is for a period of 20 years and has an interest rate of 1 percent per annum.

11. The proposed KIA loan is for a lawful object within Letcher County's corporate purposes, is necessary and appropriate for and consistent with proper performance of its service to the public, will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Letcher County is granted a Certificate of Public Convenience and Necessity to proceed with the proposed water main extension project as set forth in the plans and specifications of record herein.

2. Letcher County is authorized to borrow an amount not to exceed \$781,000 at an interest rate not to exceed 1 percent per annum. Letcher County shall notify the Commission of the final terms of the loan within 30 days after issuance.

3. The proceeds from the KIA loan shall be used only for the lawful purposes specified in Letcher County's application.

4. Letcher County shall obtain approval from the Commission prior to performing any additional construction not expressly authorized within this Order.

5. Any deviation from the construction approved herein shall be undertaken only with the prior approval of the Commission.

6. Letcher County 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.

7. Letcher County shall require the construction to be inspected 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 the construction trades involved in the project.

8. Letcher County 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

Nothing contained herein shall be deemed a warranty or a finding of value of the securities or the financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky this 15<sup>th</sup> day of January, 2008.

By the Commission

ATTEST:



Executive Director