

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF OHIO COUNTY WATER)	
DISTRICT FOR (1) ISSUANCE OF A CERTIFICATE)	
OF PUBLIC CONVENIENCE AND NECESSITY FOR)	
CONSTRUCTION OF THE SERIES III WATER)	
SYSTEM IMPROVEMENTS; (2) AUTHORIZATION)	CASE NO.
TO ISSUE SERIES III REVENUE BONDS IN THE)	2003-00034
AMOUNT OF \$1,890,000; AND (3) AUTHORIZATION)	
TO ADJUST RATES TO PAY FOR THE)	
ADDITIONAL INDEBTEDNESS)	

INTERIM ORDER

On May 2, 2003, Ohio County Water District ("Ohio District") submitted an application for a Certificate of Public Convenience and Necessity to construct a water improvement project ("Series III"), for authority to issue \$1,890,000 in revenue bonds to finance these improvements, and for approval to raise rates to pay for the additional indebtedness.

The project consists of the construction of approximately 34 miles of water mains in Ohio and Daviess counties to provide service to approximately 65 new customers and enhance quality and reliability of service to approximately 248 existing customers. The new customers are located along Kentucky Highway 54 from Kentucky Highway 919 eastwardly to the Ohio-Breckinridge County line and an area north of Kentucky Highway 54 known as Askin. The upgrades to the system will be located west of Kentucky Highway 69 in the Pleasant Ridge Service Area to include a new main to provide an alternate route for water supply to this area. The proposed Series III project

is a part of Ohio District's long-range plan of supplying water to Fordsville, providing sufficient water storage facilities in that part of the county, supplying water to parts of Ohio County that do not have potable water, and closing loops to create a hydraulically sound system. Funding for the proposed project consists of \$1,890,000 in Water Revenue Bonds, Series III at an average interest rate of 4.73 percent.

Ohio District has requested that Commission approval of the proposed construction and financing be granted as expeditiously as possible so that construction may begin in a timely manner. By subsequent Order in this case, the Commission will address the rates necessary to provide the utility with an opportunity to recover its reasonable operating costs and service its debt.

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

1. Ohio District proposes to construct approximately 1,400 linear feet of 10-inch water mains, 90,000 linear feet of 8-inch water mains, 43,000 linear feet of 6-inch water mains, 46,000 linear feet of 4-inch water mains and related appurtenances.

2. Plans and specifications for the proposed improvements prepared by Hunter, Martin & Associates, Inc. of Paducah, 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 Ohio District's application be performed and that a Certificate of Public Convenience and Necessity be granted.

4. The financing plan proposed by Ohio District is for lawful objects within the corporate purpose of its utility operation, is necessary and appropriate for and

consistent with the proper performance of the utility's service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose. It should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Ohio District 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. Ohio District 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. Ohio 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. Ohio District shall require construction to be inspected under the general supervision of a licensed 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.

6. Ohio 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.

7. Ohio District shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), Ohio District shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

8. Ohio District's proposed plan of financing is granted.

9. Ohio District's application for adjustments to retail rates is continued generally.

10. Ohio District shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

11. Nothing contained herein shall be construed as constituting approval of any other portion of Ohio District'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 15th day of May, 2003.

By the Commission

ATTEST:


Executive Director

Case No. 2003-00034