

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE MEADE COUNTY WATER)	
DISTRICT FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO)	CASE NO. 2008-00390
CONSTRUCT AND FINANCE WATER STORAGE)	
TANK AND WATER MAINS)	

ORDER

Meade County Water District ("Meade District") has applied for a Certificate of Public Convenience and Necessity to construct a waterworks improvement project and for authorization to enter a loan agreement with the Kentucky Infrastructure Authority ("KIA") to borrow \$896,284. Having reviewed the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Meade District, a water district organized under KRS Chapter 74, provides retail water service to approximately 3,591 residential and 113 commercial customers.
2. Meade District proposes to construct approximately 9,020 feet of 10-inch polyvinyl chloride ("PVC"), 47,580 feet of 8-inch PVC, 12,960 feet of 6-inch PVC, and 620 feet of ductile iron waterlines, and a 500,000-gallon elevated water storage.
3. Meade District estimates that the additional water lines will provide water service to approximately 276 new customers.
4. The additional water line extensions will improve system reliability and hydraulics by providing two grid-ties to the existing distribution system.

5. The proposed 500,000-gallon elevated water storage tank will provide the District with total storage to meet the minimum storage requirements of 807 KAR 5:066, Section 4(4).

6. The estimated total cost of the proposed project, including construction cost, contingencies, and engineering and inspection fees, is \$2,882,783.

7. HRD/Quest Engineers, Inc. prepared the plans and specifications for the proposed project.

8. The Division of Water of the Kentucky Energy and Environment Cabinet has approved the plans and specifications for the proposed project.

9. The proposed project will not result in the wasteful duplication of utility facilities or conflict with the existing certificates or service of other utilities operating in the same area and under the jurisdiction of the Commission.

10. Public convenience and necessity require the construction of the proposed project.

11. Meade District proposes to finance the project with a loan of \$896,284 from KIA and appropriations from the General Assembly totaling \$1,986,500.

12. The proposed KIA loan will mature over a 20-year term with a 3 percent interest rate.¹

13. Meade District's proposed loan agreement with KIA is for lawful objects

¹ In its application, Meade District seeks approval for a KIA loan of \$896,284. Previously Meade District had applied to and received approval from KIA for a loan in the amount of \$1,950,949. It intends to borrow the lesser amount at this time. E-mail from Bob Sturdivant, Engineer, HRD Engineering, to David Wilson, Legal Counsel for Meade District (Dec. 16, 2008 4:39 PM EST).

within Meade District's corporate purpose, is necessary and appropriate for and consistent with the proper performance of Meade District's service to the public, will not impair Meade District's ability to perform that service, and is reasonably necessary and appropriate for such purposes.

IT IS THEREFORE ORDERED that:

1. Meade District is granted a Certificate of Public Convenience and Necessity to construct approximately 9,020 feet of 10-inch PVC, 47,580 feet of 8-inch PVC, 12,960 feet of 6-inch PVC, and 620 feet of ductile iron waterlines, and a 500,000-gallon elevated water storage.

2. Meade District shall notify 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 prior approval of the Commission.

4. Meade District shall furnish written evidence 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 construction is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

5. Meade 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.

6. Meade District shall require construction to be inspected under the general supervision of a licensed professional engineer with a Kentucky registration in civil, electrical, or mechanical engineering, in order to ensure that 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.

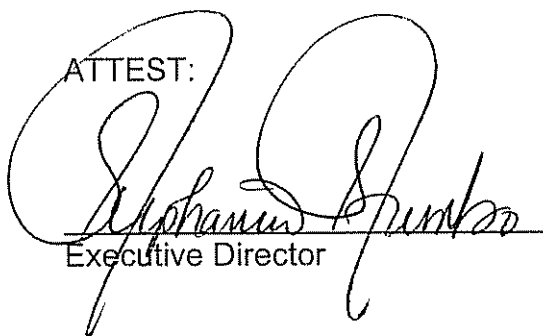
7. Meade District is authorized to enter loan agreements with KIA to borrow an amount not to exceed \$896,284 to be repaid over a 20-year period with an interest rate of 3 percent.

8. The proceeds from the KIA loan shall be used only for the lawful purposes specified in Meade District's application.

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 19th day of December, 2008.

By the Commission

ATTEST:

Executive Director

Joe Bartley
Chairman
Meade County Water District
P. O. Box 367
Brandenburg, KY 40108

Honorable David T Wilson II
Attorney at Law
Skeeters, Bennett, Wilson & Pike
550 West Lincoln Trail Boulevard
P.O. Box 610
Radcliff, KY 40160