

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WARREN COUNTY)
WATER DISTRICT TO CONSTRUCT AND) CASE NO. 90-358
FINANCE)

O R D E R

By application filed November 14, 1990, Warren County Water District ("Warren Water") is seeking authorization to construct a \$638,035 waterworks improvement project and for approval of its plan of financing for this project. Project funding includes a loan in the amount of \$229,035 from Kentucky Infrastructure Authority ("KIA"), a \$384,000 grant from the Cabinet for Economic Development, and a contribution of \$25,000 from Graves/Turner Development Company. The loan will be for a 20-year period at an interest rate of 5.3 percent per annum.

Plans and specifications for the proposed construction prepared by Allen H. Vilines, P.E. ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Public convenience and necessity require the construction proposed in the application be performed and that a Certificate of Public Convenience and Necessity be granted.

2. The proposed construction consists of approximately 2,700 feet of 12-inch diameter pipeline, a new pump station, a new 500,000 gallon water storage tank and related appurtenances. The low bids totaled \$580,700, which will require a total of approximately \$638,035 after allowances are made for fees, contingencies, and other indirect costs.

3. Warren Water should monitor the adequacy 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 6(1), Warren Water should take immediate action to maintain the level of service in conformance with the regulations of the Commission.

4. Warren Water should obtain approval from the Commission prior to performing any additional construction not expressly certificated by this Order.

5. Any deviations from the construction herein approved which could adversely affect service to any customer should be done only with the prior approval of the Commission.

6. Warren Water should furnish duly verified 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. Said 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. Warren Water should require the provision of full-time resident inspection 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. Warren Water should furnish within 60 days of the date of substantial completion of this construction a copy of the "as-built" drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

9. The financing plan proposed by Warren Water is for lawful objects within the corporate purpose of its utility operations, 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.

10. The financing secured by Warren Water for this project will be needed to pay for the work herein approved. Warren Water's financing plan should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Warren Water be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project set forth in the drawings and specifications

of record herein, on the condition that service levels be monitored and corrective action taken in accordance with Commission regulations.

2. Warren Water's financing plan consisting of a \$229,035 loan from KIA, a \$384,000 grant from the Cabinet for Economic Development, and a contribution of \$25,000 from Graves/Turner Development Company is hereby approved. The financing herein approved shall be used only for the lawful purposes specified in Warren Water's application.

3. Warren Water shall comply with all matters set out in Findings 3 through 8 as if the same were individually so ordered.

Done at Frankfort, Kentucky, this 10th day of December, 1990.

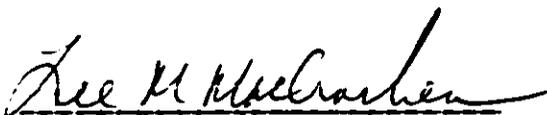
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director