

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MARION COUNTY WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO) CASE NO. 2012-00508
CONSTRUCT AND FINANCE IMPROVEMENT)
PROJECTS PURSUANT TO KRS 278.020 AND)
278.300)

ORDER

Marion County Water District (“Marion District”) has applied for a Certificate of Public Convenience and Necessity to construct a water improvement project and for authorization to execute an Assistance Agreement with Kentucky Infrastructure Authority (“KIA”). Having reviewed the application and being otherwise sufficiently advised,¹ the Commission finds that:

1. Marion District, a water district organized pursuant to KRS Chapter 74, owns and operates water distribution facilities that serve approximately 5,658 customers in Marion and Nelson Counties.²

2. Marion District proposes to install approximately 23,450 linear feet of 6-inch polyvinyl chloride (“PVC”) water distribution main, 400 linear feet of 4-inch and 3-inch PVC water distribution main, and related appurtenances along Kentucky Highway 84 in the Raywick area of Marion County, Kentucky to replace an existing 4-inch water

¹ Marion District tendered its application on November 26, 2012. It supplemented its application on January 14 and 22, 2013. On January 24, 2013, the Commission permitted Marion District to deviate from 807 KAR 5:001, Section 17, and accepted Marion District’s application for filing. No person or entity has applied for intervention in this matter. Marion District has not requested a hearing on its application.

² *Annual Report of Marion County Water District to the Public Service Commission for the Calendar Year Ended December 31, 2011* at 5, 27.

main, that is approximately 40 years old. The proposed project will increase the water pressure and available water volume to meet current and future demand.

3. The estimated total cost of the proposed project, including construction cost, contingencies, legal, administrative, engineering, and inspection fees, is \$548,180.

4. Kentucky Engineering Group, PLLC, of Versailles, Kentucky, prepared the plans and specifications for the proposed project.

5. The Division of Water of the Kentucky Energy and Environment 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 or excessive investment.

8. The public convenience and necessity require the proposed construction.

9. Marion District proposes to enter into an Assistance Agreement with KIA to borrow \$548,180 and to repay this amount over a 20-year term at an interest rate of 1.75 percent per annum.

10. The proposed Assistance Agreement with KIA is for lawful objects within Marion District's corporate purpose, is necessary, appropriate for and consistent with the proper performance of Marion District's service to the public, will not impair Marion District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Marion District is granted a Certificate of Public Convenience and Necessity to proceed with the proposed water system improvement project as set forth in its application.

2. Marion 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 the approval of the Commission.

4. Marion 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 shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

5. Marion District shall file with the Commission 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 substantial completion of the construction certificated herein.

6. Marion District shall require the construction to be inspected under the general supervision of a licensed professional engineer with a Kentucky registration in civil, electrical, 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.

7. Marion District is authorized to enter the proposed Assistance Agreement with KIA and, under the terms of that Agreement, to borrow from KIA an amount not to exceed \$548,180, which shall be repaid over a 20-year period at an interest rate of 1.75 percent per annum.

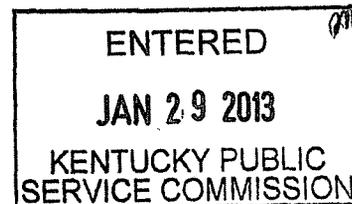
8. Within 30 days of executing the proposed Assistance Agreement, Marion District shall file a copy of the executed Assistance Agreement and any documents referenced in the executed Assistance Agreement that Marion District has not previously filed with the Commission.

9. Marion District shall use the proceeds from the proposed Assistance Agreement with KIA only for the lawful purposes set forth in its application.

10. Any documents filed pursuant to ordering paragraphs 2, 4, 5, and 8 shall reference this case number and shall be retained in the utility's general correspondence file.

Nothing contained herein shall be deemed a warranty or guarantee of the Commonwealth of Kentucky, or any agency thereof, of the evidences of indebtedness authorized herein.

By the Commission



ATTEST



Executive Director

Case No. 2012-00508

Honorable Joseph H Mattingly III
Marion County Attorney
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