

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WARREN COUNTY)
WATER DISTRICT, WARREN COUNTY,)
KENTUCKY, (A) FOR A CERTIFICATE)
OF CONVENIENCE AND NECESSITY,)
PURSUANT TO KRS 278.020 AUTHOR-) CASE No. 8233
IZING THE CONSTRUCTION OF CERTAIN)
WATER SERVICE FACILITIES, AND (B))
FOR AUTHORITY TO ISSUE CERTAIN)
SECURITIES AS REQUIRED BY KRS)
278.300)

O R D E R

The Warren County Water District ("Warren Water") filed its application on May 1, 1981, for a certificate of public convenience and necessity, approval to borrow \$947,000 from the Farmers Home Administration and authority to issue water works revenue bonds as security therefor. Proceeds of this loan will be used to make the system improvements for which construction bids were received September 1, 1981.

Plans and specifications for the improvements have been approved by the Division of Water of the Department for Natural Resources and Environmental Protection.

A hearing was held August 11, 1981, in the offices of the Public Service Commission, Frankfort, Kentucky.

The Public Service Commission, after consideration of the application and all evidence of record and being advised, is of the opinion and finds that:

1) The public convenience and necessity require that such construction as is proposed in the application and record be performed, and that a certificate of public convenience and necessity be granted.

2) The proposed construction will be the initial phase of a plan for comprehensive improvement and expansion of the existing distribution system. It will provide for the flow and storage of the larger quantities of water needed to serve new customers and to improve the quality of service to existing customers. No additional revenues are anticipated from this phase of construction which includes: standpipe type storage tanks of 300,000 and 200,000 gallon capacity at Pilot Knob, a 100,000 gallon elevated storage tank at Richardsville, 60,200 feet of water mains (25,400 feet of 10-inch, 8,300 feet of 8-inch, 26,500 feet of 6-inch), a new pumping station, alterations to three existing pumping stations and other improvements at a total project cost of \$947,000.

3) The proposed borrowing is for lawful objects within the corporate purposes of Warren Water, is necessary and appropriate for and consistent with the proper performance of service to the public by Warren Water, will not impair its ability to perform that service and is reasonably necessary and appropriate for such purpose.

4) Warren Water's total expenses for the first 12 months of operation after completion of the proposed construction are

estimated to be approximately \$1,365,800 including depreciation and debt service on the new construction. Revenues of approximately \$1,380,100 should be realized during the same 12-month period. These revenues include those anticipated from an increase in the number of customers served and from nonoperating income.

5) The existing rates should result in a net income of approximately \$14,000 for the first 12 months of operation after completion of the proposed construction and should provide sufficient revenues at this time.

6) Warren Water should furnish duly verified documentation of the total cost 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.

7) The contract between Warren Water and the engineer should require the engineer to provide general engineering supervision and full-time resident inspection under his supervision to insure that the construction work conforms to the best construction practices and is done in accordance with the contract plans and specifications.

8) Within 60 days of the date of substantial completion of this construction, Warren Water should require the engineer to furnish a copy of the as-built plans and a certification that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

IT IS THEREFORE ORDERED that Warren Water be and it is hereby granted a certificate of public convenience and necessity to proceed with the proposed construction as set forth in the plans and specifications of record herein.

IT IS FURTHER ORDERED that Warren Water be and it is hereby authorized to borrow \$947,000 from the Farmers Home Administration at 5 percent over a 40-year period with payment of principal deferred for 2 years and to issue water-works revenue bonds as security therefor.

IT IS FURTHER ORDERED that Warren Water shall file with this Commission duly verified documents which show the total costs of the construction herein certificated including all capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed.

IT IS FURTHER ORDERED that the contract between Warren Water and the engineer shall require the engineer to provide general engineering supervision and full-time resident inspection under his supervision to insure that the contractor's construction work conforms to the best construction practices and is done in accordance with the contract plans and specifications.

IT IS FURTHER ORDERED that Warren Water shall require the engineer, within 60 days of the date of substantial completion of the proposed construction, to furnish to this Commission

as-built drawings and a certification that the construction has been satisfactorily completed and was done in accordance with the contract plans and specifications.

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

Done at Frankfort, Kentucky this 9th day of November, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Toth
Chairman

Katherine Randall
Vice Chairman

Don Carver
Commissioner

ATTEST:

Secretary