

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MARION COUNTY )  
WATER DISTRICT, MARION AND )  
NELSON COUNTIES, KENTUCKY, )  
(1) FOR A CERTIFICATE OF PUBLIC )  
CONVENIENCE AND NECESSITY )  
AUTHORIZING SAID DISTRICT TO )  
CONSTRUCT MAJOR IMPROVEMENTS AND ) CASE NO. 8789  
EXTENSIONS TO ITS EXISTING )  
MUNICIPAL WATER DISTRIBUTION )  
SYSTEM PURSUANT TO THE PROVISIONS )  
OF CHAPTER 74 OF THE KENTUCKY )  
REVISED STATUTES; AND )  
(2) SEEKING APPROVAL OF THE )  
ISSUANCE OF CERTAIN SECURITIES )

O R D E R

The Marion County Water District ("Marion County") filed an application on March 21, 1983, for authorization to construct a \$440,000 waterworks improvements project and approval of its financing for this project. By letter filed July 18, 1983, Marion County notified the Commission that the project cost had increased to \$470,000 because of proposed construction changes. Marion County's financing includes a \$440,000 Farmers Home Administration ("FmHA") loan at 5 percent annual interest, \$16,500 from applicants for service and \$13,500 from cash reserves. Marion County will issue waterworks revenue bonds as security for the FmHA loan. The repayment period will be 40 years. The proposed construction should improve water flow and pressure in the St. Mary, Loretto and St. Rose Pike areas.

Plans and specifications for the proposed construction as prepared by Howard K. Bell Consulting Engineers, Inc., Lexington, Kentucky, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

Commentary

Marion County has requested Commission approval of its proposed construction and its financing thereof. The application and supplemental documents filed by Marion County provided adequate information for addressing these requests. Although a public hearing might supplement available information, it would for the most part result in the duplication and repetition of existing information. The Commission is, therefore, of the opinion that a hearing is not needed in this case and that Marion County's customers will benefit by the avoidance of the cost thereof. The following additional matters were considered by the Commission before this conclusion was reached: (1) Construction improvements must be made to the existing water distribution system if Marion County is to meet its increasing demands for water; (2) the delivery of adequate, reliable and efficient water service by Marion County--particularly to the St. Mary, Loretto and St. Rose Pike areas--is dependent upon completion of the proposed construction; and (3) this case does not include adjustments to Marion County's rates.

The Public Service Commission, after consideration of the initial application and all supplementary documents and being advised, is of the opinion and finds that:

1. Public convenience and necessity require that the construction proposed in the application and supplementary documents of record be performed and that a certificate of public convenience and necessity be granted.

2. The approved construction includes about 9.1 miles of water mains, a booster pump station, a tank level monitoring system and miscellaneous appurtenances thereto. The construction costs for the proposed work totaled \$351,714, which will require about \$470,000 after allowances are made for fees, contingencies and other indirect costs.

3. Any deviations from the approved construction that could adversely affect service to any customer should be subject to the prior approval of this Commission.

4. The proposed borrowing of \$440,000 is for lawful objects within the corporate purposes of Marion County, is necessary and appropriate for and consistent with the proper performance of services to the public by Marion County, will not impair its ability to perform these services and is reasonably necessary and appropriate for such purposes.

5. The financing secured by Marion County for this project will be needed to pay for the work herein approved. Marion County's financing plan should, therefore, be approved.

6. Marion County 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. Marion County's contract with its Engineer should require the provision of construction inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering. This supervision and inspection should insure that the construction work is done in accordance with the contract plans and specifications and in conformance with the best practices of the construction trades involved in the project.

8. Marion County should require the Engineer to furnish to the Commission a copy of the record plans and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

9. Marion County should file with the Commission a copy of all contractual agreements for the provision of services or the purchase of services which are subject to the approval of this Commission.

IT IS THEREFORE ORDERED that Marion County be and it hereby is granted a certificate of public convenience and necessity to

proceed with the waterworks improvements project set forth in the plans and specifications and supplementary documents of record herein.

IT IS FURTHER ORDERED that any deviations from the approved construction that could adversely affect service to any customer shall be subject to the prior approval of this Commission.

IT IS FURTHER ORDERED that Marion County's plan for financing its construction work with a 40-year loan of \$440,000 at 5 percent interest from the FmHA, \$16,500 from applicants for service and \$13,500 from cash reserves, be and it hereby is approved.

IT IS FURTHER ORDERED that Marion County shall file with the Commission duly verified documentation which shows the total costs of 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 Marion County and its Engineer shall require the provision of construction inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering. This supervision and inspection shall insure that the construction work is done in accordance with the contract plans and specifications and in conformance with the best practices of the construction trades involved in the project.

IT IS FURTHER ORDERED that Marion County shall require the Engineer to furnish to the Commission a copy of the record drawings and a signed statement that the construction has been satisfactorily completed and done in accordance with the contract plans and specifications within 60 days of the date of substantial completion of the proposed construction.

IT IS FURTHER ORDERED that Marion County shall file with the Commission a copy of all contractual agreements for the provision of services or for the purchase of services which are subject to the approval of this Commission.

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 5th day of August, 1983.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary