

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE GREEN-TAYLOR)
WATER DISTRICT OF GREEN AND TAYLOR)
COUNTIES, KENTUCKY, FOR APPROVAL OF) CASE NO. 9871
CONSTRUCTION, FINANCING, AND)
INCREASED WATER RATES)

INTERIM ORDER

On February 24, 1987, Green-Taylor Water District ("Green-Taylor") filed a Motion to reopen Case No. 9557, wherein it had sought a certificate of public convenience and necessity for construction of a \$2,215,000 waterworks improvements project and approval of the financing it had secured for the proposed construction. Green-Taylor's motion to reopen Case No. 9557 has been considered by the Commission as a motion for reassignment to its current docket and it has allowed the matter to be redocketed as Case No. 9871, with the entire record of Case No. 9557 incorporated therein by reference.

The Commission's Order entered February 2, 1987, in Case No. 9557 dismissed the matter without prejudice because Green-Taylor had not submitted, and could not submit, all the information required by the Commission to fully address the matter by Order within the 10-month statutory period required by KRS 278.190 (3).

Green-Taylor's financing for its proposed construction includes a Farmers Home Administration ("FmHA") loan of

\$1,598,000, an FmHA grant of \$557,000 and \$60,000 in contributions from 400 applicants for water service.

The matters addressed by this Interim Order include the construction proposed in the application and record and the plan for financing this construction. The 90-day bid-hold period will expire March 30, 1987, and this Order should allow Green-Taylor to take appropriate actions for the award of construction contracts to its low bidders, avoid re-advertisement, and take advantage of bids that apparently represent the saving of several thousand dollars in construction cost.

After a public hearing has been held in this matter, the Commission will enter an Order addressing the rates proposed by Green-Taylor. The rates set by the Commission in this matter will provide adequate revenues for coverage of the costs of utility operations and the servicing of long-term debt in accordance with FmHA bond ordinance requirements for both the existing debt and the \$1,598,000 new debt incurred in carrying out the construction project approved herein.

The Commission, after consideration of the record and being advised, is of the opinion and finds that:

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

2. The proposed project includes the construction of about 73.38 miles (387,420 feet) of 8-inch, 6-inch, 4-inch and 3-inch distribution system pipeline, 400 metered service connections, 129

air release valves, 19 blow-off valves, a master metering station near Campbellsville, a 100,000-gallon water storage tank near Campbellsville and other miscellaneous appurtenances.

3. The funds required for this work will approximate the funds secured for the work after adding design fees, legal fees, the cost for resident inspection, a construction contingency allowance and other indirect costs. The available funds of \$2,215,000 should be adequate for completion of the proposed work in accordance with the bids received December 30, 1986. Green-Taylor should advise the Commission of the amount available for additional construction and should obtain the Commission's approval for any utility construction not approved herein.

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

5. Green-Taylor should furnish duly verified documentation of the total costs of this construction including all capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Said costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by this Commission.

6. Green-Taylor should require the Engineer to provide 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 plans and specifications and in conformance with the best practices of the construction trades involved in the project.

7. Green-Taylor should require the Engineer to furnish 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 within 60 days of the date of substantial completion of this construction.

8. A 5/8-inch x 3/4-inch meter should be the standard customer service meter for all new customers and should be installed at all points of service unless the customer provides sufficient justification for the installation of a larger meter.

9. The \$2,215,000 financing plan proposed by Green-Taylor for its proposed construction is for lawful objects within its corporate purposes, is necessary and appropriate for and consistent with the proper performance of its services to the public and will not impair its ability to perform these services, is reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Green-Taylor be and it hereby is 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.

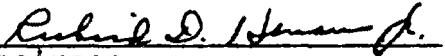
2. Green-Taylor's plan of financing consisting of an FmHA loan of \$1,598,000, an FmHA grant of \$557,000 and \$60,000 in applicant contributions be and it hereby is approved.


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

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

Done at Frankfort, Kentucky, this 30th day of March, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director