

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GREEN RIVER VALLEY )  
WATER DISTRICT, HART, BARREN, LARUE, )  
GREEN AND METCALFE COUNTIES, KENTUCKY, )  
(1) FOR A CERTIFICATE OF PUBLIC )  
CONVENIENCE AND NECESSITY AUTHORIZING )  
SAID DISTRICT TO CONSTRUCT MAJOR )  
IMPROVEMENTS AND ADDITIONS TO ITS ) CASE NO. 10193  
EXISTING MUNICIPAL WATERWORKS AND )  
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

On March 14, 1988, Green River Valley Water District ("Green River") filed an application for a certificate of public convenience and necessity to construct a \$368,520 waterworks improvement project and for approval of its plan of financing for this project. Project funding includes a \$258,000 loan from the Farmers Home Administration ("FmHA"), a \$100,000 grant from Community Development Block Grant ("CDBG"), and \$10,520 from applicants for service in the proposed project area. The loan will be for a 40-year period at an interest rate of 5 percent per annum.

The proposed construction will provide service to approximately 72 additional customers. Drawings and specifications for the proposed improvements prepared by Campbell Wallace Consulting

Engineers of Knoxville, Tennessee, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

CONTINUITY OF ADEQUATE AND RELIABLE SERVICE

The Engineer states that reliable and adequate service can be maintained throughout the expanded system after completion of the proposed construction. However, review of the hydraulic data filed in this case and in Case No. 8955, The Application of Green River Valley Water District, Hart, Barren, Larue, Green and Metcalfe Counties, Kentucky, (1) For a Certificate of Public Convenience and Necessity Authorizing Said District to Construct Major Improvements and Additions to Its Existing Municipal Waterworks and 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, indicates the potential for service pressure to fall below 30 psig in several areas of the existing system in violation of 807 KAR 5:066, Section 6(1). Also, in several areas of the existing system service pressure could exceed 150 psig, in violation of 807 KAR 5:066, Section 6(1).

The Commission reminds Green River of its obligation to provide adequate and reliable service to all of its customers. Green River 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), Green

River must take necessary actions to maintain the level of service in conformance with the regulations of the Commission.

FINDINGS AND ORDERS

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

1. With the appropriate monitoring of the system after the construction, 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 12 miles of 6- and 3-inch diameter pipelines and related appurtenances. The low bids totaled \$296,829 which will require about \$368,520 after allowances are made for fees, contingencies, and other indirect costs.

3. Green River 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). Green River should take immediate action to maintain the level of service in conformance with the regulations of the Commission.

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 the Commission.

5. Green River should obtain approval from the Commission prior to performing any additional construction not expressly certificated by this Order.

6. Green River should furnish proof 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. 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. Green River's contract with its Engineer 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. Green River should require the Engineer to 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 Green River is for lawful objects within its corporate purpose, is necessary and appropriate for and consistent with the proper performance of its service to the public and will not impair its ability to perform these services. The financing plan is reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Green River be and it hereby is granted a certificate of public convenience and necessity to proceed with the proposed construction project as set forth in the drawings and specifications of record herein on the condition that service levels be monitored, corrective action taken in accordance with Finding 1 and Finding 3 of this Order, and that the proposed conventional fire hydrants be deleted.

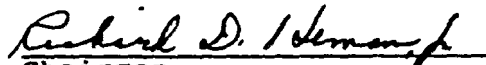
2. Green River's financing plan consisting of an FmHA loan of \$258,000, CDBG grant of \$100,000, and \$10,520 in contributions from applicants for service be and it hereby is approved.


3. Green River 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 herein authorized.

Done at Frankfort, Kentucky, this 17th day of June, 1988.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Executive Director