

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,)
AUTHORIZING SAID DISTRICT TO CONSTRUCT)
IMPROVEMENTS AND EXTENSIONS TO ITS)
EXISTING WATER DISTRIBUTION SYSTEM AND)
SEWER SYSTEM, WHICH IMPROVEMENTS AND)
EXTENSIONS WILL BE FINANCED IN WHOLE)
OR IN PART UNDER THE TERMS OF AN)
AGREEMENT BETWEEN THE WATER DISTRICT)
AND THE KENTUCKY INFRASTRUCTURE)
AUTHORITY; AND (B) FOR AUTHORITY TO)
ISSUE CERTAIN SECURITIES AS REQUIRED)
BY KRS 278.300.)

CASE NO.
92-184

O R D E R

On May 7, 1992, Warren County Water District ("Warren Water") filed an application for a Certificate of Public Convenience and Necessity to construct a \$121,000 waterworks improvement project, a \$297,000 sewage system improvement project, and for approval of its plan of financing for these projects. Project funding includes a \$121,000 loan from Kentucky Infrastructure Authority ("KIA") and a \$297,000 loan from KIA. The loans will be for 20-year periods at interest rates of 4.95 percent per annum.

Warren Water proposes to extend water lines and sewage collection lines to the South Central Kentucky Industrial Park. Warren Water's application included plans and specifications prepared by Warren Rural Electric Cooperative Corporation of

Bowling Green, Kentucky ("Engineer"). Warren Water provided documentation that the plans and specifications have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. 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 7,630 feet of 10-inch diameter water line, 5,150 feet of 12-, 10- and 8-inch sewer line and related appurtenances. Based on the low bids submitted and after allowances are made for fees, contingencies, and other indirect costs, the total project cost is approximately \$418,000.

3. Warren Water should monitor the adequacy of the expanded water distribution system after construction. If the level of services is inadequate or declining, or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 6(1), Warren Water should take immediate action to maintain the level of service in conformance with the regulations of the Commission.

4. Warren Water should obtain approval from the Commission prior to performing any additional construction not expressly certificated by this Order.

5. Any deviations from the construction approved shall be undertaken only with the prior approval of the Commission.

6. Warren Water should furnish duly verified 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. 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. Warren Water should require the provision of construction 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. Warren Water should 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 Warren Water is for lawful objects within the corporate purpose of its utility operations, is necessary and appropriate for an consistent with the proper performance of the utility's service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose. It should, therefore, be approved.

10. The financing secured by Warren Water for this project will be needed to pay for the work herein approved. Warren Water's financing plan should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Warren Water be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project set forth in the drawings and specifications of record herein, on the condition that service levels be monitored and corrective action taken in accordance with Commission regulations.

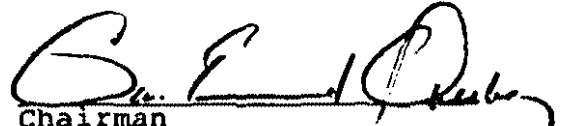
2. Warren Water's financing plan consisting of a \$121,000 loan from KIA for the water works improvement project and a \$297,000 loan from KIA for the sewage system improvement project is hereby approved. The financing herein approved shall be used only for the lawful purposes specified in Warren Water's application.

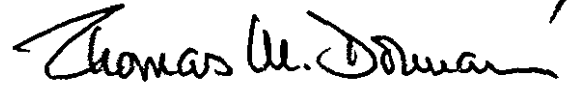
3. Warren Water shall comply with all matters set out in Findings 3 through 8 as if the same were individually so ordered.

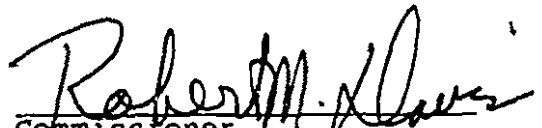
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein authorized.

Done at Frankfort, Kentucky, this 18th day of May, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director, Acting