

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF OLDHAM COUNTY )  
WATER DISTRICT FOR A CERTIFICATE OF )  
PUBLIC CONVENIENCE AND NECESSITY TO ) CASE NO. 96-474  
CONSTRUCT AND FINANCE AN )  
IMPROVEMENTS PROJECT )

O R D E R

On October 1, 1996, Oldham County Water District ("Oldham District") applied for a Certificate of Public Convenience and Necessity to construct a \$1,174,500 waterworks improvement project and for approval of its financing arrangements with the Kentucky Infrastructure Authority ("KIA") to finance the project.

Having considered the application and the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. The proposed construction project consists of an 800,000 gallon concrete ground storage tank, a 1,000,000 clearwell, a high service pump, a gravel pack well, and related appurtenances.
2. The proposed construction project is estimated to cost \$1,174,500.
3. The proposed construction project will provide Oldham District with a more reliable source of water and the additional storage capacity necessary for continued growth.
4. Sieco, Inc. of Columbus, Indiana ("Engineer") prepared the plans and specifications for the proposed construction project.

5. The Division of Water, Department of Environment Protection, Natural Resources and Environmental Protection Cabinet have approved the plans and specifications for the proposed construction project.

6. The proposed construction project will not result in the wasteful duplication of utility facilities.

7. Public convenience and necessity require construction of the proposed project.

8. Oldham District will finance the proposed construction project through a \$1,342,286 loan from KIA.<sup>1</sup> Proceeds of the proposed loan will be used for the following purposes and in the following amounts: Construction Costs (\$1,174,500), Debt Service Reserve (\$134,229), and Issuance Costs (\$33,557). The proposed loan will have a term of 20 years and an interest rate of approximately 7 percent per annum.

9. The proposed loan of \$1,342,286 from KIA is for the lawful objects within Oldham District's corporate purposes, is necessary and appropriate for and consistent with the proper performance of its service to the public, is reasonably necessary and appropriate for such purposes, and should therefore be approved.

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<sup>1</sup> In its application, Oldham District states the amount of the proposed KIA loan is \$1,174,500. In its March 12, 1996 letter in which it commits funding to Oldham District, KIA states that the loan amount will be no greater than \$1,342,286 and will cover the cost of construction, debt service reserve requirements and issuance costs. As the letter was attached as an exhibit to Oldham District's application, the Commission has considered Oldham District's request for approval as extending to the full loan amount.

IT IS THEREFORE ORDERED that:

1. Oldham District is granted a Certificate of Public Convenience and Necessity for the proposed construction project as set forth in the drawings and specifications of record.
2. Oldham District shall obtain prior Commission approval before performing any construction not expressly authorized herein.
3. No deviation from the plans and specifications submitted to the Commission shall be made without prior Commission approval.
4. Oldham District shall furnish written evidence 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 of the substantial completion of the proposed construction project. Construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by this Commission.
5. Oldham District shall require construction to be inspected 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 contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.
6. Oldham District shall furnish, within 60 days of the date of the proposed construction project's substantial completion, a copy of "as-built" drawings and a signed

statement from the Engineer that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

7. Oldham District is authorized to borrow no more than \$1,342,286 from KIA at an interest rate not to exceed 7 percent per annum.

8. Oldham District shall use the proceeds from the proposed loan only for the lawful purposes set out in its application and approved herein.


9. Oldham District shall obtain prior Commission approval before using the loan proceeds for purposes not approved herein or at levels which exceed those stated in its application and approved herein.

10. Oldham District shall, within 30 days of its entry into the proposed loan with KIA, advise the Commission in writing of the date when the loan was entered, the amount borrowed, the interest rate, and all fees and amounts paid in connection with the loan.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 14th day of February, 1997.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director