

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WEST DAVIESS COUNTY	)	
WATER DISTRICT FOR APPROVAL OF A RATE	)	
SURCHARGE AND A CERTIFICATE OF PUBLIC	)	CASE NO.
CONVENIENCE AND NECESSITY FOR	)	2004-00415
EXPANSION OF EXISTING SYSTEM FACILITIES	)	

O R D E R

On October 18, 2004, West Daviess County Water District ("West Daviess") applied for a Certificate of Public Convenience and Necessity to construct an \$804,000 waterworks improvement project and approval of a proposed rate surcharge of \$0.38 per 1,000 gallons. West Daviess requests the surcharge pursuant to KRS 74.395, which allows water districts to finance all or part of a system expansion by assessing a temporary surcharge. Pursuant to KRS 74.395(2), the Commission scheduled a public hearing on the proposed surcharge for January 12, 2005, but cancelled the hearing when, after publication and notice of such public hearing, no interested party filed written notice of intent to attend. The matter now stands submitted to the Commission for a decision.

The proposed project involves the construction of a 500,000-gallon welded steel elevated storage tank and related appurtenances to provide additional capacity, to provide sustained flow, and to assist in maintaining higher system-wide pressure during higher system demand periods. In accordance with KRS 74.395, West Daviess has submitted an expansion plan for this project.

After review of the evidence of the record and being otherwise sufficiently advised, the Commission finds that:

1. West Daviess proposes to construct a 500,000-gallon welded steel elevated storage tank and related appurtenances for additional system capacity and to supply the continued and substantial growth anticipated.

2. Plans and specifications for the proposed improvements consistent with KRS 74.395 have been prepared by HRG, PLLC Surveying and Engineering of Owensboro, Kentucky, and have been approved by the Division of Water of the Environmental and Public Protection Cabinet.

3. The proposed project will not adversely affect the quality of service provided to West Daviess' customers or its ability to provide adequate water at adequate pressure levels to present or projected future customers.

4. The proposed project will not compete or conflict with the facilities of other jurisdictional utilities operating in the same area.

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

6. Public convenience and necessity require that the proposed construction be performed and that a Certificate of Public Convenience and Necessity be granted.

7. West Daviess proposes to finance the project through a Kentucky Infrastructure Authority/Coal Development Fund grant of \$350,000; proceeds from the proposed surcharge of \$449,540; interest accrued on the reserve trust account of \$3,000; and internal funds of \$1,460.

IT IS THEREFORE ORDERED that:

1. West Daviess is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project as set forth in the plans and specifications of record herein.

2. West Daviess' proposed plan for the expansion project is approved.

3. West Daviess shall be authorized to assess a surcharge of \$0.38 per 1,000 gallons to all customers for a period not to exceed 60 months from the date of this Order, or until \$449,540 has been collected, whichever occurs first.

4. Within 20 days of the date of this Order, West Daviess shall file with the Commission revised tariff sheets that contain the proposed surcharge and the signature of an officer authorized to issue tariffs.

5. West Daviess shall list the surcharge as a separate line item on each customer's bill. If construction of the proposed project has not commenced within 5 years of the date of this Order, West Daviess shall refund all surcharge proceeds together with all interest and earnings.

6. West Daviess shall set the proceeds of the surcharge apart in a separate interest bearing reserve trust account guaranteed by the United States government and, together with any interest earned therein, shall be used solely for the project approved herein.

7. West Daviess shall maintain its records in such a manner as will enable it, or the Commission or its customers, to determine the amounts to be refunded and to whom they are due in the event that surcharge amounts shall be refunded.

8. West Daviess shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

9. Any deviation from the construction approved herein shall be undertaken only with the prior approval of the Commission.

10. West Daviess shall furnish 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. Construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

11. West Daviess shall require the 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 the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

12. West Daviess shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

13. Beginning in 2006, for the period from the date of this Order until December 31, 2005, and for each calendar year thereafter in which the surcharge is effective, West

Daviess shall submit with the annual financial and statistical report required by Administrative Regulation 807 KAR 5:006, Section 3(1), a written report containing:

- a. The amount of surcharge proceeds collected during the calendar year.
- b. The total amount of surcharge proceeds collected.
- c. The amount disbursed from the reserve trust account during the calendar year.
- d. The total amount disbursed from the reserve trust account since the inception of the surcharge.
- e. A description of each expenditure made on the expansion project for the calendar year and its cost.

14. At the end of the 60-month period or the collection of \$449,500, whichever occurs first, West Daviess shall revise its tariff to remove the surcharge.

Done at Frankfort, Kentucky, this 4<sup>th</sup> day of February, 2005.

By the Commission

ATTEST:



Executive Director

Case No. 2004-00415