

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE GRANT COUNTY	)	
SANITARY SEWER DISTRICT FOR A	)	
CERTIFICATE OF PUBLIC CONVENIENCE AND	)	CASE NO.
NECESSITY TO CONSTRUCT PROPOSED	)	2009-00488
SANITARY SEWER LINE IMPROVEMENTS AND	)	
APPROVAL OF THE PROPOSED PLAN TO	)	
FINANCE THE IMPROVEMENTS	)	

O R D E R

Grant County Sanitary Sewer District ("GCSSD") has applied for a Certificate of Public Convenience and Necessity for a Phase I wastewater improvements project at an approximate total project cost of \$1,925,000 and for authority to execute a 20-year loan agreement with the Kentucky Infrastructure Authority ("KIA") in the principal amount of \$300,000. Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. GCSSD proposes to construct approximately 8,935 feet of 8-inch gravity sanitary sewer lines; 20,450 feet of sanitary sewer force mains; 7,751 feet of small diameter force mains; 6 lift stations; and 22 individual grinder pump stations.
2. The proposed Phase I project will provide wastewater service to areas that GCSSD does not currently serve, including approximately 84 residential customers, two churches, five businesses, a mobile home park, and a campground. This project is also designed to accommodate three additional mobile home parks located south of the proposed project.

3. The estimated total cost of the proposed project, including construction cost, contingencies, and engineering and inspection fees, is \$1,925,000.

4. CMW, Inc. of Lexington, Kentucky prepared the plans and specifications for the proposed project.

5. The Division of Water of the Kentucky Energy and Environment Cabinet has approved the plans and specifications for the proposed project.

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

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

8. Public convenience and necessity require the proposed project.

9. The proposed project will be funded from the proceeds of a KIA grant in the amount of \$1,550,000; a \$45,000 contribution from Grant Mobile Home Park; an American Recovery and Reinvestment Act Federally Assisted Wastewater Revolving Loan Fund of \$300,000 to be administered by KIA; and a \$30,000 contribution from GCSSD.

10. The proposed KIA loan will have a 20-year term at an interest rate of 3 percent per annum with a 52.1-percent principal forgiveness, for a loan reduction of \$156,300.

11. GCSSD's proposed loan agreement with KIA is for lawful objects within its corporate purpose, is necessary, appropriate for, and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. GCSSD is granted a Certificate of Public Convenience and Necessity to proceed with the proposed Phase I wastewater extension project as set forth in the plans and specifications of record herein.
2. GCSSD is authorized to borrow an amount not to exceed \$300,000 from KIA maturing over a 20-year period with an interest rate of 3 percent per annum.<sup>1</sup>
3. The proceeds from the KIA loan shall be used only for the lawful purposes specified in GCSSD's application.
4. When the principal forgiveness of 52.1 percent, or \$156,300, is granted, GCSSD shall debit the appropriate Long Term-Dept Account for the amount of the forgiveness and shall make a corresponding credit entry to Account 271 – Contributions in Aid of Construction.
5. GCSSD shall notify the Commission prior to performing any additional construction not expressly authorized by this Order.

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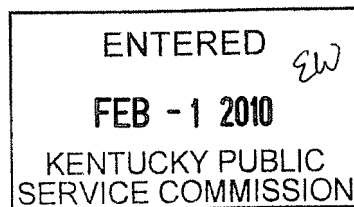
<sup>1</sup> Grant County Sanitary Sewer District states that it was organized under the provisions of KRS Chapters 67 and 74. See Application at paragraph 3. The Grant County Fiscal Court Ordinance that established GCSSD provides that GCSSD was created "pursuant to KRS 67.715(2), 67.083(3)(r), and the applicable provisions of KRS Chapter 74." Commission records do not indicate that any individual applied to the Commission, pursuant to KRS 74.012, for authority to petition the Grant County Judge/Executive for establishment of GCSSD. Thus, the legitimacy of the creation of the GCSSD presumes the independent authority under KRS Chapter 67 of a county judge/executive to create a Chapter 74 district. As the Commission's jurisdiction does not extend to the enforcement of the provisions of KRS Chapters 67 or 74 (see Case No. 2007-00220, *Carroll County Water District No. 1 v. Gallatin County Water District* (Ky. PSC Sept. 15, 2007) at 17), we do not have the authority to determine whether GCSSD was properly created under Kentucky law. However, those entities that are providing public funds to GCSSD may wish to consider the issue.

6. GCSSD 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.

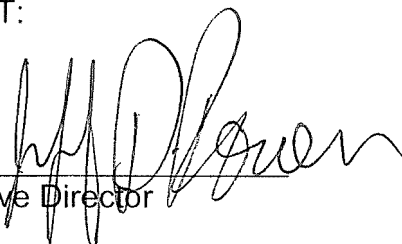
7. Any documents filed in the future pursuant to ordering paragraph 5 herein shall reference this case number and shall be retained in the utility's general correspondence file.

Nothing contained herein shall be deemed a warranty or a finding of value of the securities or the financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

By the Commission



ATTEST:

  
Executive Director

Honorable Thomas R Nienaber  
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