

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GARRISON-QUINCY-KY-O-)	
HEIGHTS WATER DISTRICT OF LEWIS)	
COUNTY, KENTUCKY, FOR A CERTIFICATE OF)	CASE NO. 2010-00163
PUBLIC CONVENIENCE AND NECESSITY TO)	
CONSTRUCT, FINANCE AND INCREASE)	
RATES PURSUANT TO KRS 278.023)	

ORDER

On April 23, 2010, Garrison-Quincy-KY-O-Heights Water District ("Garrison District") applied for a Certificate of Public Convenience and Necessity to construct a \$5.3 million sewer facilities project, authority to issue revenue bonds, and approval of initial rates for sewer service. The proposed project consists of the construction and installation of approximately 49,350 linear feet of small diameter force mains, 415 grinder pump stations, and a package wastewater treatment plant with a treatment capacity of 114,000 gallons per day. It will be funded with the proceeds of the issuance of \$798,000 of Water and Sewer Revenue Bonds; a grant of \$429,000 from U.S. Department of Agriculture Rural Development ("RD"); a Community Development Block Grant of \$1,600,000; a Kentucky Infrastructure Authority ("KIA") grant of \$2,450,000; and customer connection fees of \$22,500.

Garrison District's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30

days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on April 23, 2010, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

While placing limits upon the Commission's discretion to modify or reject any portion of the agreement between RD and Garrison District, KRS 278.023 authorizes the Commission to review the project and to recommend changes. Based upon our limited review, the Commission recommends that RD closely monitor Garrison District's activities with regard to the proposed improvement project. The records of the Kentucky Division of Water ("DOW") indicate that Garrison District does not currently possess a valid Kentucky Pollutant Discharge permit and will not be able to operate the proposed package wastewater treatment plant unless a new permit is obtained.¹ DOW has advised the Commission that Garrison District's expired permit is under review for renewal.²

IT IS THEREFORE ORDERED that:

1. Garrison District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Garrison District's proposed plan of financing with RD is accepted.

¹ A search of the U.S. Environmental Protection Agency's website indicates that Discharge Permit No. 0105422, which is assigned to the proposed wastewater treatment plant, expired April 28, 2008. See http://oaspub.epa.gov/enviro/pcs_def_reports.pcs_tst?npdesid=KY0105422&npvalue=1&npvalue=2&npvalue=3&npvalue=4&npvalue=5&npvalue=6&rvalue=13&npvalue=7&npvalue=8&npvalue=10&npvalue=11&npvalue=12 (last visited May 18, 2010).

² Letter from Sandy L. Gruzesky, Director, Kentucky Division of Water, to Jeff Derouen, Executive Director, Public Service Commission (May 11, 2010).

3. Garrison District is authorized to issue \$798,000 of Water and Sewer Revenue Bonds at an interest rate not to exceed 2.625 percent per annum for 40 years.

4. The proceeds from the issuance of revenue bonds shall be used only for the purposes specified in Garrison District's application.

5. Notwithstanding ordering paragraph 4, if surplus funds remain after the approved construction has been completed, Garrison District may use such surplus to construct additional plant facility if RD approves of the use and the additional construction will not result in a change in Garrison District's rates for service. Garrison District shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. Garrison District 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 certified herein.

7. Garrison District shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

8. The rates set forth in the Appendix to this Order are approved for sewer service that Garrison District renders on and after the date of this Order.

9. Within 30 days of the date of this Order, Garrison District shall file with the Commission its tariff sheets setting out the rates approved herein.

10. A copy of this Order shall be served upon the RD State Director.

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

By the Commission

ENTERED
MAY 21 2010
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

Jeff Perouen
Executive Director *by* *Oliver C. Hoff*

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00163 DATED **MAY 21 2010**

The following rates are prescribed for the customers in the area served by Garrison-Quincy-KY-O-Heights Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Sewer Service Rates

First 2,000 gallons	\$22.00 Minimum Bill
Over 2,000 gallons	\$11.00 per 1,000 gallons

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