

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GREEN RIVER VALLEY WATER)	
DISTRICT FOR APPROVAL OF FINANCING AND)	CASE NO.
ISSUANCE OF A CERTIFICATE OF)	2013-00346
CONVENIENCE AND NECESSITY)	

ORDER

Green River Valley Water District ("Green River District") has applied for a Certificate of Public Convenience and Necessity ("Certificate") to perform repairs to the Rio Verde Dam and for authorization to borrow the funds for such repairs. Having reviewed the record and being otherwise sufficiently advised,¹ the Commission finds that:

1. Green River District, a water district organized pursuant to KRS Chapter 74, owns and operates facilities that treat and distribute water to approximately 6,813 customers in portions of Barren, Green, Hart, Larue, and Metcalfe counties, Kentucky,² and provides wholesale water service to the cities of Bonnieville, Horse Cave, Cave City, and Munfordville, and to Larue County Water District, Green-Taylor Water District, and Caveland Environmental Authority.³

¹ Green River Valley tendered its application on September 20, 2013. In its application, Green River Valley requested a deviation from 807 KAR 5:001, Section 17(2)(a). On October 8, 2013, the Commission granted the request and accepted the application for filing. Commission Staff obtained and has placed into the record of this proceeding the records of the Kentucky Division of Water regarding the proposed repairs. No person or entity has intervened in this matter. The Commission has received no requests for hearing and finds the record complete.

² *Annual Report of Green River Valley Water District to the Public Service Commission of Kentucky for the Year Ending December 31, 2012 ("Annual Report")* at 5 and 27.

³ *Id.* at 29 and 30.

2. In 2012, Rio Verde Spring accounted for 69 percent of Green River District's water supply.⁴ The Green River supplied the remaining portion of Green River District's remaining supply.⁵

3. Rio Verde Dam impounds the Rio Verde Spring's flow.⁶

4. Rio Verde Dam is a concrete buttress structure with a slight arc to the dam alignment and a centrally located spillway with a concrete apron. It is approximately 110 feet in length and 21 feet in height at its maximum section.⁷

5. In the spring of 2012, Green River District personnel discovered a significant increase in seepage around the Rio Verde Dam's foundation.⁸

6. If the seepage problem is not corrected, the amount of water available from Rio Verde Spring will be significantly reduced and Green River District will be required to offset the loss by increasing its withdrawals from the Green River. Because water from the Green River has a higher turbidity level, especially after storm events, increased reliance upon the Green River will require construction of additional sedimentation basins and backwash waste lagoons.⁹

⁴ R. Vaughn Williams, Green River Valley Water District: Rio Verde Dam Modifications 4 (Mar. 13, 2012) (filed Oct. 28, 2013).

⁵ *Id.*

⁶ *Id.* at 1.

⁷ *Id.*

⁸ *Id.*

⁹ *Id.* at 4-5. See also Robyn L. Minor, *Small Section Under Dam Needs Repairs*, Bowling Green Daily News, July 3, 2013, available at 2013 WLNR 16166668.

7. The proposed project¹⁰ involves the reconstruction of a 20-foot section of the Rio Verde Dam located west of its spillway and the installation of an 80-foot grout curtain. The proposed construction would stabilize the concrete buttress dam, and address seepage through the foundation, includes surface repairs and addresses erosion problems at the dam's foundation. As a part of the proposed construction, the flow of the Rio Verde Spring will be diverted around the dam. A temporary sandbag structure will be located approximately 370 feet upstream from the existing dam and will channel water into a 24-inch High Density Polyethylene pipe that is approximately 920 linear feet in length and that will run into an existing 20-inch raw water main.¹¹

8. Total cost of the proposed project, including administrative expenses, legal expenses, engineering fees, construction cost, and contingencies, is approximately \$1,175,000.¹²

9. The proposed construction is the least costly alternative to resolve the Rio Verde Dam's structural problems.¹³

10. Green River District proposes to finance the proposed project with a loan of \$1,175,000 from the Kentucky Infrastructure Authority ("KIA").

11. Kenvirons, Inc. of Frankfort, Kentucky, prepared the plans and specifications for the proposed project.

¹⁰ The Water Resource Information System has designated this project as WRIS No. WX2109903.

¹¹ R. Vaughn Williams, *supra* note 4, at 2-3.

¹² Application Ex. C.

¹³ For an assessment of the other alternatives, see R. Vaughn Williams, *supra* note 4, at 4-6.

12. The Kentucky Division of Water ("KDOW") has approved the plans and specifications for the proposed project.¹⁴

13. The proposed construction will not result in wasteful duplication of existing facilities.

14. The proposed construction does not conflict with any existing certificates or the service of any other utility operating in the area.

15. The public convenience and necessity require the proposed construction.

16. KIA has authorized a loan of \$1,175,000 to Green River District for the proposed project with repayment over a period not to exceed 20 years at an interest rate of 0.75 percent per annum.¹⁵

17. Based upon projections of Green River District's operations, Green River District's existing rates will provide sufficient revenues to meet the debt service coverage requirements of its existing debt instruments and the proposed KIA loan.¹⁶

18. The proposed loan with KIA is for lawful objects within Green River District's corporate purpose, is necessary, appropriate for, and consistent with the proper performance of Green River District's service to the public, will not impair Green River District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

¹⁴ Letter from Mark Rasche, Supervisor, Engineering Section, Water Infrastructure Branch, KDOW, to Davey Paige, General Manager, Green River Valley Water District (July 30, 2013); Letter from Shane Cook, Supervisor, Dam Safety Section, Water Infrastructure Branch, KDOW, to Green River Valley Water District (June 25, 2013). The Army Corps of Engineers advised Green River District that the proposed project is authorized by federal law. Letter from Jane Archer, Regulatory Specialist, Army Corps of Engineers, to Vaughn Williams, Kenvirons, Inc. (Aug. 27, 2013).

¹⁵ Letter from John LeFevre, Financial Analyst, KIA, to Jack London, Chairman, Green River Valley Water District (Apr. 5, 2013).

¹⁶ Application Ex. B.

IT IS THEREFORE ORDERED that:

1. Green River District is granted a Certificate to proceed with the proposed construction as set forth in its application.
2. Green River District shall notify the Commission prior to performing any additional construction not expressly authorized by this Order.
3. Any deviation from the construction approved shall be undertaken only with the prior approval of the Commission.
4. Green River District shall file with the Commission documentation of the total cost of this project, including the cost of construction and all other capitalized costs (e.g., engineering, legal, administrative) within 60 days of the date that construction is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Commission's Uniform System of Accounts for Water Utilities.
5. Green River 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 certificated herein.
6. Green River District shall require construction to be inspected under the general supervision of a licensed 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. Green River District is authorized to execute an Assistance Agreement with KIA to borrow an amount not to exceed \$1,175,000 to be repaid over a period not to exceed 20 years at an interest rate of 0.75 percent per annum.

8. Within 30 days of executing its proposed Assistance Agreement with KIA, Green River District shall file a copy of the executed Assistance Agreement and any documents referenced in the Assistance Agreement that Green River District has not previously filed with the Commission.

9. Green River District shall use the proceeds from the proposed Assistance Agreement with KIA only for the lawful purposes set forth in its application.

10. Any documents filed in the future pursuant to ordering paragraphs 2, 4, 5, and 8 shall reference this case number and shall be retained in the utility's general correspondence file.

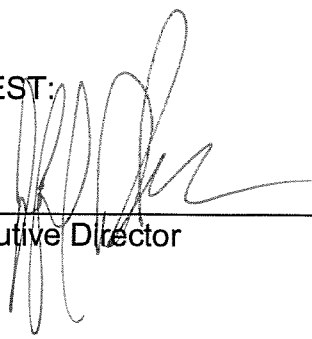
11. The Executive Director is delegated authority to grant reasonable extensions of time for the filing of any documents required by this Order upon Green River District's showing of good cause for such extension.

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.

By the Commission

ENTERED ⁶⁷⁰
NOV 27 2013
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2013-00346

Honorable John N Hughes
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