

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF CRITTENDEN-)	
LIVINGSTON COUNTY WATER DISTRICT FOR)	
AUTHORIZATION TO ENTER AN ASSISTANCE)	
AGREEMENT WITH THE KENTUCKY)	CASE NO.
INFRASTRUCTURE AUTHORITY AND FOR A)	2016-00292
CERTIFICATE OF PUBLIC CONVENIENCE AND)	
NECESSITY TO CONSTRUCT A WATER)	
STORAGE FACILITY)	

ORDER

On August 19, 2016, Crittenden-Livingston County Water District (“Crittenden-Livingston”) tendered an application for a Certificate of Public Convenience and Necessity (“CPCN”) to construct a water storage facility and for approval of its plan to finance the proposed project.

Crittenden-Livingston had previously filed a motion on August 10, 2016, to reduce the number of paper copies of the plans it was required to file. The Commission entered an Order on September 1, 2016, that granted the motion and considered the application filed as of that date. There are no intervenors, and Crittenden-Livingston did not request a hearing in this matter.

Crittenden-Livingston, a water district organized under KRS Chapter 74, provides retail water service to approximately 3,508 customers in Crittenden and Livingston

counties, Kentucky, and wholesale water service to the cities of Grand Rivers, Smithland, Salem, and to the Ledbetter Water District and Lyon County Water District.¹

The proposed project entails the construction of a 400,000-gallon elevated water storage tank.² This new water storage tank will be located across the street³ from the existing 44-year-old, 150,000-gallon Moore Hill standpipe. The existing standpipe will be demolished and the property restored as part of this project. The existing standpipe has outlived its usefulness and, due to its size, now limits Crittenden-Livingston's ability to serve its customers in the southeast portion of the county during peak demands,⁴ creating low-pressure issues for some of its customers served by this standpipe. A tank inspection from 2013 indicates that there is "little if any protection" of the steel in the interior of the Moore Hill standpipe.⁵

Crittenden-Livingston opened bids for this project on May 23, 2016. The total construction cost of the project as bid is \$793,950.⁶ The total cost of the proposed water improvement portion of the project, including engineering design, construction supervision, inspection, easement acquisition, and contingency, is \$1,039,500.⁷

This project is to be financed with a \$1,039,500 loan from the Kentucky Infrastructure Authority ("KIA") Fund F. The \$1,039,500 KIA loan is to be repaid over a

¹ *Annual Report of Crittenden-Livingston County Water District to the Kentucky Public Service Commission for the Year Ended December 31, 2014* at 12, 53, and 59.

² Application at 1.

³ *Id.*, Exhibit 5.

⁴ *Id.*, Exhibit 16 at 2.

⁵ *Id.*, Exhibit 16 at Exhibit RDS-2, page 8.

⁶ *Id.*, Exhibit 13, at 1 of 3.

⁷ *Id.*, Exhibit 11, at 13 of 16.

20-year term at an interest rate of 1.75 percent per annum with a loan servicing fee of 0.25 percent of the annual outstanding loan balance payable to KIA with each interest payment. Crittenden-Livingston received a one-year Conditional Commitment from KIA for this loan on October 9, 2015.⁸

Stigall Engineering Associates, Inc. of Nashville, Tennessee, prepared the plans and specifications for the proposed project.⁹ The plans and specifications were approved by the Kentucky Division of Water (“DOW”) on April 25, 2016.¹⁰

Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. The record for this case is complete.
2. The proposed construction will not result in wasteful duplication of existing facilities.
3. The proposed construction does not conflict with any existing certificates or the service of any other utility operating in the area.
4. Public convenience and necessity require the proposed construction, which will allow Crittenden-Livingston to provide reliable and adequate water service to its customers.
5. The proposed Assistance Agreement with KIA is for lawful objects within Crittenden-Livingston’s corporate purpose. It is necessary for, appropriate for, and consistent with the proper performance of Crittenden-Livingston’s service to the public,

⁸ *Id.*, Exhibit 17 at 1 of 5.

⁹ *Id.*, Exhibits 8 and 9.

¹⁰ *Id.*, Exhibit 2 at 1 of 65.

will not impair Crittenden-Livingston's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

6. Crittenden-Livingston should be authorized to utilize \$1,039,500 of the proceeds of the Assistance Agreement on the project approved herein.

IT IS THEREFORE ORDERED that:

1. Crittenden-Livingston is granted a CPCN to proceed with the proposed construction as set forth in its application.

2. Crittenden-Livingston shall notify the Commission prior to performing any additional construction not expressly authorized by this Order.

3. Any deviation from the construction approved by this Order shall be undertaken only with the prior approval of the Commission.

4. Crittenden-Livingston 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.

5. Crittenden-Livingston is authorized to enter the proposed Assistance Agreement with KIA and, under the terms of the Assistance Agreement, to borrow from KIA an amount not to exceed \$1,039,500 to be repaid over a 20-year period at an interest rate of 1.75 percent per annum with a loan servicing fee of 0.25 percent of the annual outstanding loan balance payable to KIA with each interest payment.

6. Within 30 days of executing its proposed Assistance Agreement with KIA, Crittenden-Livingston shall file with the Commission an executed copy of the Assistance

Agreement. Crittenden-Livingston shall use \$1,039,500 of the proceeds from the proposed Assistance Agreement with KIA only for the lawful purposes set forth in its application. None of the proceeds shall be used for the construction of any project not clearly identified in Crittenden-Livingston's Application and approved by the Commission in this proceeding, unless and until Crittenden-Livingston obtains prior Commission approval for the use of the proceeds.

7. Crittenden-Livingston shall file with the Commission documentation of the total costs of this project, including the cost of construction and all other capitalized costs, (e.g., engineering, legal, administrative, etc.), within 60 days of the date that construction authorized under this CPCN is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

8. Crittenden-Livingston 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.

9. Any documents filed in the future pursuant to ordering paragraphs 2, 6, 7, and 8 shall reference this case number and shall be retained in the post-case reference file.


10. The Executive Director is delegated authority to grant reasonable extensions of time for the filing of any documents required by this Order upon Crittenden-Livingston'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 other agency thereof as to the securities authorized herein.

By the Commission

ENTERED
OCT 06 2016
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


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