

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE GREEN-TAYLOR)	
WATER DISTRICT FOR THE ISSUANCE OF)	
A CERTIFICATE OF PUBLIC CONVENIENCE)	CASE NO.
AND NECESSITY TO CONSTRUCT AND FINANCE)	2018-00368
A WATER SYSTEM IMPROVEMENTS PROJECT)	
PURSUANT TO THE PROVISIONS OF)	
KRS 278.020, KRS 278.300 AND 807 KAR 5:001)	

ORDER

On November 5, 2018, Green-Taylor Water District (Green-Taylor District), pursuant to KRS 278.020(1) and KRS 278.300, filed an application (Application) for the issuance of a Certificate of Public Convenience and Necessity (CPCN) to construct a water system improvements project and approve the issuance of securities to finance said project. Green-Taylor District also requests approval to borrow up to \$1,963,390 from the Kentucky Infrastructure Authority (KIA) to finance the proposed construction. Green-Taylor District states that no rate adjustment will be necessary as a result of the water system improvements project.

Green-Taylor District, a water district organized under KRS Chapter 74, provides retail water service to approximately 5,013 customers in Adair, Green, Metcalfe, and Taylor counties, Kentucky.¹ Green-Taylor District purchases its water requirements from Greensburg Water, Green River Valley, Campbellsville Municipal, and Columbia/Adair

¹ 2017 Annual Report of Green-Taylor District at page 12 and 48.

Utilities. The Commission notes that in its 2017 Annual Report, Green-Taylor District reported a water loss of 13.8976 percent.²

Green-Taylor District maintains that the project will provide public water service to approximately 42 new customers and will improve service to more than 200 customers by replacing problematic main lines and by utilizing looped water lines in order to eliminate Disinfectant Byproducts (DBPs).³ Green-Taylor District requests a CPCN for the following proposed projects:

- Create a loop near Highway 323.
- Create a loop near Bloyds Poplar Grove Road.
- Update an existing loop on Old Greensburg Road.
- Replace a 4-inch water main with a 6-inch PVC line to serve the

Summersville community.

- Replace the lines of the Shalawn subdivision to address line breaks and substantial water loss in the area.⁴

The Kentucky Division of Water (KDOW) reviewed and approved the sanitary features and specifications of the proposed water mains. Kentucky Transportation Cabinet approval of an encroachment permit is pending. The total capital cost of the proposed project is approximately \$1,963,390.⁵ Green-Taylor District originally requested a KIA Fund F loan in the amount of \$1,842,071. However, on September 14, 2018,

² 2017 Annual Report of Green-Taylor District at page 57 of 67.

³ Application of Green-Taylor District, Page 9 (filed November 5, 2018).

⁴ *Id.*

⁵ Application at paragraph Item 5(vi), page 3.

Green-Taylor District requested an increase in the loan in the amount of \$121,319 due to the low bid exceeding the anticipated cost of construction.⁶ In a letter dated September 28, 2018, KIA approved Green-Taylor District's request to increase the loan because the request was below 10 percent of the original loan amount.⁷ Green-Taylor will finance the proposed project with the \$1,963,390 loan from KIA. The proposed loan will be repaid over a 20-year term at an interest rate of 1.75 percent per annum.⁸

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

1. The proposed construction will not result in wasteful duplication of existing facilities.
2. The proposed construction does not conflict with any existing certificates or service of any other utility operating in the area.
3. Public convenience and necessity require the proposed construction, which will allow Green-Taylor District to provide reliable and adequate water services to its customers.
4. KDOW has approved the plans and specifications for this proposed project.
5. The proposed Assistance Agreement with KIA is for lawful objects within Green-Taylor District's corporate purpose. It is necessary and appropriate for, and consistent with, the proper performance of Green-Taylor District's service to the public,

⁶ Kentucky Infrastructure Authority letter dated September 14, 2018.

⁷ Kentucky Infrastructure Authority letter dated September 28, 2018.

⁸ *Id.*

will not impair Green-Taylor District's ability to perform that service and is reasonably necessary and appropriate for such purpose.

6. The project will be funded from a KIA Fund F loan of \$1,963,390.

7. Green-Taylor District's application does not include a proposal to adjust rates.

IT IS THEREFORE ORDERED that:

1. Green-Taylor District is granted a CPCN to construct the proposed projects as set forth in its Application.

2. Green-Taylor District shall notify the Commission prior to performing any additional construction not expressly approved 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. Green-Taylor 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.

5. Green-Taylor District shall file the encroachment permit with the Commission within ten days of the Kentucky Transportation Department approving the permit.

6. Green-Taylor District 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 \$1,963,390 to be repaid over a 20-year period at an interest rate of 1.75 percent per annum.

7. Green-Taylor District shall file with the Commission documentation of the total costs of this project, including the cost of construction and all other capitalized costs, 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. Green-Taylor 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 authorized under this CPCN.

9. Any documents filed in the future pursuant to ordering paragraphs 5, 7, and 8 shall reference this case number and shall be retained in the post-case correspondence file.

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

11. This case is hereby closed and will be removed from the Commission's docket.

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 as to the securities authorized in this Order.

By the Commission



ATTEST:


Executive Director

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