

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF OHIO COUNTY WATER)	
DISTRICT FOR AUTHORIZATION TO ENTER AN)	CASE NO.
ASSISTANCE AGREEMENT WITH THE)	2016-00115
KENTUCKY INFRASTRUCTURE AUTHORITY)	
AND FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE TO CONSTRUCT WATER)	
TRANSMISSION MAINS)	

ORDER

Ohio County Water District (“Ohio County”) has applied for a Certificate of Public Convenience and Necessity (“CPCN”) to construct water main improvements and for approval of its financing of the proposed project.

Ohio County tendered for filing an application for a CPCN and approval of financing on June 30, 2016. The Commission notified Ohio County by letter dated July 6, 2016, that its application was deficient. Ohio County subsequently cured the deficiency and its application was accepted for filing on July 8, 2016. Ohio County has not requested a hearing in this matter.

Ohio County, a water district organized under KRS Chapter 74, provides retail water service to approximately 5,857 customers in Breckinridge, Daviess, Grayson and Ohio counties, Kentucky, and wholesale water service to the cities of Beaver Dam, Fordsville, and Centertown, and to the North McLean County Water District.¹

¹ *Annual Report of Ohio County Water District to the Kentucky Public Service Commission for the Year Ended December 31, 2014* at 12, 56, and 63.

The proposed project entails the construction of approximately 12,151 feet of 16-inch polyvinyl chloride water main, 3,450 feet of 16-inch ductile iron water main, approximately 265 feet of water line cased in 24-inch steel casing pipe under the Western Kentucky Parkway, and its appurtenances.² Ohio County opened bids for this project on April 28, 2016. The total construction cost of the project as bid is \$965,089.³ The total cost of the proposed water improvement portion of the project, including engineering design, construction supervision, inspection, easement acquisition, and contingency, is \$1,630,000.⁴ The project is intended to decrease the friction line loss in the existing water system, to allow an increased water transfer capacity, and to attain more energy-efficient transfer of potable water in the system by eliminating the Beaver Dam and Goshen water booster pump stations.⁵

Ohio County intends to finance this project with a \$1,630,000 loan from the Kentucky Infrastructure Authority (“KIA”) Fund F. This KIA loan is to be repaid over a 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. Ohio County received a one-year Conditional Commitment from KIA for this loan on June 9, 2015.⁶ An extension of six months was granted on June 8, 2016.⁷

² Application, Tab 8, Addendum No. 2.

³ Application, Tab 11.

⁴ Application, Tab 18.

⁵ Application, Tab 9.

⁶ Application, Tab 18.

⁷ Application, Tab 19.

J. R. Wauford and Company Consulting Engineers, Inc. of Nashville, Tennessee, prepared the plans and specifications for the proposed project.⁸ The plans and specifications were approved by the Kentucky Division of Water (“DOW”) on August 10, 2015.⁹

Ohio County opened Bids for this project on April 28, 2016.¹⁰ Bids are subject to acceptance for 90 days. The bids on this project will expire on July 27, 2016.¹¹

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 Ohio County to provide reliable and adequate water service to its customers.
5. The proposed Assistance Agreement with KIA is for lawful objects within Ohio County’s corporate purpose. It is necessary for, appropriate for, and consistent with the proper performance of Ohio County’s service to the public, will not impair Ohio

⁸ Application, Tab 15.

⁹ Application, Tab 3.

¹⁰ Application at 4.

¹¹ *Id.*

County's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

6. Ohio County should be authorized to utilize \$1,630,000 of the proceeds of the Assistance Agreement on the project approved herein.

IT IS THEREFORE ORDERED that:

1. Ohio County is granted a CPCN to proceed with the proposed construction as set forth in its application.

2. Ohio County 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. Ohio County 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. Ohio County 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 \$1,630,000 to be repaid over a 20-year period at an interest rate of 1.75 percent per annum.

6. Within 30 days of executing its proposed Assistance Agreement with KIA, Ohio County shall file with the Commission an executed copy of the Assistance Agreement. Ohio County shall use \$1,630,000 of the proceeds from the proposed

Assistance Agreement with KIA only for the lawful purposes set forth in its application. None of the proceeds, however, shall be used for the construction of any project not approved by the Commission, except those clearly identified in Ohio County's application in this proceeding, unless and until Ohio County obtains prior Commission approval for the use of the proceeds. The Assistance Agreement shall be executed before any construction begins.

7. Ohio County 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, and administrative), 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. Ohio County 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 Ohio County'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
JUL 21 2016
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

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