

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF WARREN	)	
COUNTY WATER DISTRICT FOR (1) A	)	
CERTIFICATE OF PUBLIC CONVENIENCE AND	)	
NECESSITY ,PURSUANT TO KRS 278.020	)	
AUTHORIZING SAID DISTRICT TO CONSTRUCT	)	
IMPROVEMENTS AND EXTENSIONS TO ITS	)	
EXISTING WATER SYSTEM, WHICH	)	CASE NO.
IMPROVEMENTS AND EXTENSIONS WILL BE	)	2020-00052
FINANCED IN WHOLE OR IN PART UNDER	)	
TERMS OF AN AGREEMENT BETWEEN THE	)	
WATER DISTRICT AND THE KENTUCKY	)	
INFRASTRUCTURE AUTHORITY; AND (2) FOR	)	
AUTHORITY TO ISSUE CERTAIN SECURITIES	)	
AS REQUIRED BY KRS 278.300	)	

ORDER

On March 4, 2020, Warren County Water District (Warren District) filed an electronic application (Application), pursuant to KRS 278.020 and KRS 278.300, for the issuance of a Certificate of Public Convenience and Necessity (CPCN) to construct improvements and extensions to its water distribution system and for approval of its plan to finance the proposed project.<sup>1</sup> Warren District proposes to finance the project by requesting to borrow \$2,000,000 from the Kentucky Infrastructure Authority (KIA) and by contributing \$306,000 from the district's depreciation and reserve funds. Warren District responded to one round of discovery. No party has sought intervention in this matter.

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<sup>1</sup> Warren District tendered its application on February 26, 2020. By letter dated March 3, 2020, the Commission rejected the application due to filing deficiencies. Warren District cured the deficiencies and the application was deemed filed as of March 4, 2020.

Warren District has not requested a hearing. The record for this case is complete, and the matter stands ready for a decision.

Warren District, a water district organized under KRS Chapter 74, provides retail water service to approximately 30,143<sup>2</sup> water customers in Warren County, Kentucky.<sup>3</sup>

Warren District is requesting a CPCN to construct a new 200,000-gallon elevated water storage tank. The proposed water storage tank will provide customers with increased pressures. Approximately 4,500 linear feet of 8-inch PVC water line will be constructed adjacent to Glen Lily Road from Bill Dedman Road, across the Natcher Parkway (I-165), to the proposed pump station. The project also proposes an additional 350 feet of 6-inch water line to be constructed adjacent to West Vila Drive. The Existing Morgantown No. 2 Pump Station will be adjusted to only convey water to the Hammett Hill Tank. A pressure-reducing valve will be installed on the water line supplying these areas.<sup>4</sup>

The total capital cost of the proposed project is approximately \$2,306,000.<sup>5</sup> Warren District states that it will finance the proposed project with a \$2,000,000 loan from KIA. The proposed loan will be repaid over a period not to exceed 20 years from the last draw of funds and shall bear interest at the rate of 3.0 percent annum commencing with

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<sup>2</sup> *Annual Report of Warren County Water District for the Year ended December 31, 2019*, at 49.

<sup>3</sup> *Annual Report of Warren County Water District for the Year ended December 31, 2019*, at 12.

<sup>4</sup> Engineering Report at 2.

<sup>5</sup> Application, Exhibit E.

the first draw of funds.<sup>6</sup> For the balance, Warren District shall contribute \$306,000 from depreciation reserve funds.<sup>7</sup>

At this time, Warren District is not seeking a rate change.<sup>8</sup>

Having reviewed the evidence of record 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 services of any other utility operating in the area.
3. Public convenience and necessity require the proposed construction, which will allow Warren District to provide reliable and adequate water service to its customers.
4. Kentucky Department of Water has approved the plans and specifications for this proposed project.
5. The proposed loan with KIA is necessary, is appropriate for and consistent with the proper performance of Warren District's service to the public and will not impair Warren District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.
6. The project will be funded by a KIA Loan of \$2,000,000 and \$306,000 from depreciation reserves.

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<sup>6</sup> *Id.*, Exhibit B.

<sup>7</sup> *Id.* at 4.

<sup>8</sup> *Id.* at 5.

7. Warren District should be authorized to utilize \$2,306,000 of the Assistance Agreement on the project approved herein.

8. Warren District's Application does not include a proposal to adjust rates.

IT IS THEREFORE ORDERED that:

1. Warren District is granted a CPCN to construct the proposed project as set forth in the Application.

2. Warren District's proposed plan for obtaining financing is approved.

3. Warren District shall obtain approval from the Commission prior to performing any additional construction not expressly approved by this Order.

4. Warren District shall require construction to be inspected under 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 best practices of the construction trades involved in the project.

5. Warren District is authorized to enter the proposed Assistance Agreement with KIA and, under the terms of the Assistance Agreement, to borrow an amount not to exceed \$2,000,000 to be repaid over 20 years from the date of the last draw of funds at the rate of 3.0 percent per annum commencing with the first draw of funds.

6. The proceeds of the promissory note shall be used only for the purposes specified in Warren District's Application.

7. Warren district shall file with the Commission documentation of the total cost of the project 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. Warren 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 3, 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 Warren District’s showing of good cause for such extension.

11. This case is closed and removed from the Commission’s docket.

By the Commission

ENTERED  
APR 07 2020 rcs  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2020-00052

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