

COMMONWEALTH OF KENTUCKY
BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of

APPLICATION OF TRIMBLE COUNTY WATER DISTRICT)
NO. 1, OF TRIMBLE COUNTY, KENTUCKY, FOR (1))
A CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY, AUTHORIZING AND PERMITTING SAID)
WATER DISTRICT TO CONSTRUCT A WATERWORKS)
CONSTRUCTION PROJECT, CONSISTING OF EXTENSIONS,) CASE NO. 7934
ADDITIONS, AND IMPROVEMENTS TO THE EXISTING)
WATERWORKS SYSTEM OF THE DISTRICT; (2) APPROVAL)
OF THE PROPOSED PLAN OF FINANCING OF SAID PROJECT;))
AND (3) APPROVAL OF THE INCREASED WATER RATES)
PROPOSED TO BE CHARGED BY THE DISTRICT TO)
CUSTOMERS OF THE DISTRICT.)

I N T E R I M O R D E R

Preface

On August 8, 1980, the Trimble County Water District No. 1 (hereafter referred to as the "Utility") filed with this Commission its duly verified application seeking a Certificate of Public Convenience and Necessity authorizing the Construction of extensions, additions, and other improvements to its existing water distribution system. The Utility also seeks approval of the proposed method of financing the project and approval of proposed adjustments to its existing rates for providing water service. Approximately 578 customers are currently being served by the Utility.

The case was set for hearing on the Construction and Financing aspects of the application in Frankfort, Kentucky, October 11, 1980. All parties of interest were notified and the Division of Consumer Intervention of the Attorney General's Office permitted to intervene in the matter. A hearing on the rates aspects of the application has been scheduled for November 10, 1980.

This Interim Order addresses the Utility's construction and financing proposals for this project in order to facilitate the award of a contract for construction. A subsequent Order of this Commission will address the matter of the adjustments in rates sought by the Utility.

A copy of a letter from the Sanitary Engineering Division of the Kentucky Department for Natural Resources and Environmental Protection approving the Utility's plans and specifications for the proposed project is on file with this Commission.

Findings in This Matter

The Commission, after a review of the record and being advised, is of the opinion and finds:

1. That in consideration of the exigencies of matters related to the awarding of a contract for construction of the Utility's proposed project, the Commission received testimony on said matters at the October 1, 1980, hearing. The evidentiary record of the said hearing established the basis for entering this Order addressing the certification of construction and the financing thereof.

2. That testimony regarding the Utility's proposed rate adjustments has not been received as of the date of this Order. The Commission, therefore, can make no specific findings herein on the proposed rate adjustments. The Commission's general findings regarding the said adjustments can, however, be set forth as follows: "Revenue Requirements" will include the Utility's obligations for payment of principal and interest on both the 1972 bonds and the proposed 1980 bonds as well as the expenses for operations, maintenance and management. The "Rates" to be set by the Commission in this matter should provide for revenues that will enable the Bonds of 1980 to be issued on the basis of a coverage factor of 1.2 times debt service requirements.

3. That Public Convenience and Necessity requires construction of the Utility's proposed Waterworks System Project in Trimble County, Kentucky, as set forth in the application.

4. That the construction project proposed by the Utility consists of approximately 22.4 miles of additional water mains along twelve (12) roads as follows: 3.09 miles on New Hope Ridge Road, 3.51 miles on Leepport Ridge Road, 4.28 miles on Mount Pleasant Ridge Road, 1.96 miles on Connor Road, 0.85 miles on Wentworth Ridge Road, 0.30 miles on Kentucky 1226, 0.68 miles on Hackney Lane, 1.10 miles on Fishers (Trout) Ridge Road, 2.22 miles on Gill Ridge Road, 1.44 miles on Sulphur Road, 0.79 miles on Colbert Road and 2.18 miles on Ogden Ridge Road and 102 service connections; all at a total

project cost of \$404,500.00.

5. That any construction deviations from the contract plans and specifications, herein approved, which could adversely affect service to any customer should be subject to the prior approval of this Commission.

6. That the financing of this project composed of the issuance of \$379,000.00 in water revenue bonds and \$25,500.00 from applicant's water service (contributions in aid of construction) is for lawful objects within the corporate purposes of the Utility, is necessary and appropriate for and consistent with the proper performance by the Utility of its service to the public and will not impair its ability to perform that service.

7. That the Utility should furnish the Commission with duly verified documentation of the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within sixty (60) days of the date that construction is substantially completed.

8. That the contract between the Utility and the Engineer should require the Engineer to provide general engineering supervision and fulltime resident inspection to insure that the construction work conforms to the best construction practices and is done in accordance with the contract plans and specifications.

9. That within sixty (60) days of the date of substantial completion of this construction, the Utility should require the Engineer to furnish this Commission with a copy of the as-built plans and a certification that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

ORDERS IN THIS MATTER

The Commission, on the basis of the matters hereinbefore set forth and the evidentiary record in this case:

HEREBY ORDERS that the Utility be and it is hereby granted a certificate of Public Convenience and Necessity to construct additions to its existing water distribution system to serve additional residents of Trimble County, Kentucky, in accordance with the contract plans and specifications filed in this matter.

IT IS FURTHER ORDERED that any construction deviations from the contract plans and specifications, herein approved, which could adversely affect service to any customer, shall be subject to the prior approval of this Commission.

IT IS FURTHER ORDERED that the Utility be and it is hereby authorized to finance this construction project with \$25,500.00 contributions in aid of construction from applicants for service and the issuance of \$379,000.00 in revenue bonds at an interest rate not to exceed 5%. Further, that this \$404,500.00 in project funds shall be used only for the lawful objects as set forth in the application.

IT IS FURTHER ORDERED that the Utility shall file with the Commission a duly verified document or documents which show the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within sixty (60) days of the date that construction is substantially completed.

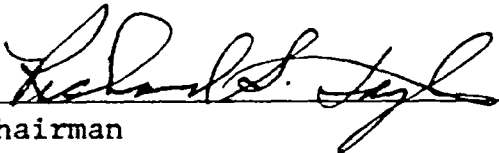
IT IS FURTHER ORDERED that the contract between the Utility and the Engineer shall require the Engineer to provide general engineering supervision and full-time resident inspection to insure that the contractor's construction work conforms to the best construction practices and is done in accordance with the contract plans and specifications.

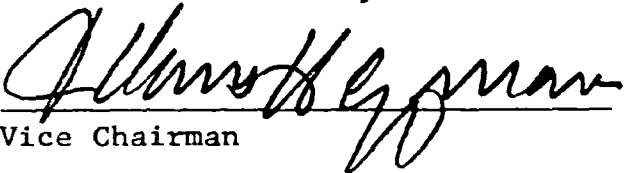
IT IS FURTHER ORDERED that the Utility shall require the Engineer, within sixty (60) days of substantial completion of the proposed construction, to furnish this Commission with a copy of the "As-Built Plans" and a certification that the construction has been satisfactorily completed and was done in accordance with the contract plans and specifications.


Nothing contained herein shall be deemed a warranty by the Commonwealth of Kentucky, or any agency thereof, of the financing herein authorized.

Done at Frankfort, Kentucky this 24th day of October, 1980.

UTILITY REGULATORY COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary