

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION  
(Formerly UTILITY REGULATORY COMMISSION)

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In the Matter of:

THE APPLICATION OF LARUE COUNTY WATER )  
DISTRICT NO. 1 OF LARUE COUNTY, KENTUCKY, )  
FOR (1) A CERTIFICATE OF PUBLIC CONVEN- )  
IENCE AND NECESSITY, AUTHORIZING AND ) CASE NO. 8034  
PERMITTING SAID WATER DISTRICT TO CONSTRUCT )  
A WATERWORKS CONSTRUCTION PROJECT, CONSIST- )  
ING OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS )  
TO THE EXISTING WATERWORKS SYSTEM OF THE )  
DISTRICT; AND (2) APPROVAL OF THE PROPOSED )  
PLAN OF FINANCING OF SAID PROJECT )

O R D E R

This Order supplements a prior Order of this Commission which was entered March 16, 1981, in response to a petition filed November 13, 1980, by the Larue County Water District ("Larue Water").

The March 16, 1981, Order certificated a construction project for which \$886,125<sup>(1)</sup> financing had been secured prior to project advertisement. This Order addressed the funded surplus of approximately \$245,175 resulting from the receipt of exceptionally competitive bids and found that it should be utilized to pay for additional improvements to the Utility's

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(1) The \$886,125 financing includes \$33,125 in contributions from applicants for water service, a \$627,000 FmHA grant and a \$226,000 FmHA loan at 5 percent interest with a 40-year amortization period.

water distribution system. Further, the said Order addressed the proposed construction of a water main from Buffalo to Magnolia and found that it should have priority over other additional construction.

On October 27, 1981, Larue Water filed a supplemental petition seeking certification of the proposed water main from Buffalo to Magnolia.

Larue Water's engineering plans, specifications, tabulation of bids, recommendation for proceeding with construction on the basis of the low bid and letter from the Department for Natural Resources and Environmental Protection approving the proposed construction complete the record.

The Public Service Commission, after consideration of the supplemental petition and all evidence of record, and being advised, is of the opinion and finds that:

1. The public convenience and necessity require that the construction proposed in the supplemental petition be performed and that a certificate of public convenience and necessity be granted.

2. The proposed construction includes a master metering station at Magnolia, 26,000 linear feet of 6-inch pipe and other miscellaneous items and appurtenances. The low bid for this work is \$93,645.

3. The funds which have been secured by Larue Water for improvements to its water system and for retiring existing bonds and other debts total \$888,875.<sup>(2)</sup> The uncommitted balance, after a deduction is made for the cost of the work herein certified, should approximate \$155,000. The total cost of other projects under consideration by Larue Water is, however, more than \$155,000 and priorities should be set for expenditure of these funds. The first priority should be the retirement of Larue Water's indebtedness on its building which approximates \$10,980. Priorities for extending water service should be set on the basis of the dates which applications for service were received, the number of customers to be benefitted and the engineer's assessment of feasibility.

4. Larue Water should, within 30 days of the date of this Order, complete its priority listing for utilization of the aforementioned \$155,000. Approval of this priority listing should be obtained from this Commission before any commitments for expenditures on the basis thereof are made by Larue Water.

5. Findings 3, 10, 11 and 12 of the March 16, 1981, Order are fully applicable to this phase of construction the same as if fully written herein.

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(2) The collection of additional service connection fees subsequent to the date of the prior Order in this matter has increased total funding from \$886,125 to \$888,875.

IT IS THEREFORE ORDERED that Larue Water be and it is hereby granted a certificate of public convenience and necessity for construction of a master metering station and a 6-inch water main from Buffalo to Magnolia at a cost of \$93,645 as a supplement to the project certificated by the Order of March 16, 1981. The lowest bid received for this work is \$93,645, which does not include contingencies, fees and other indirect costs.

IT IS FURTHER ORDERED that Larue Water, upon receipt of this Order, shall be in compliance with that part of the third ordering statement of the March 16, 1981, Order which required the approval of this Commission before construction of the work certificated herein was begun.

IT IS FURTHER ORDERED that a priority listing of proposed expenditures which approximate \$155,000 shall be made by Larue Water in accordance with findings 3 and 4 herein. Further, that a copy of this listing shall be filed with the Commission within 30 days of the date of this Order. Further, that no commitments for the proposed expenditures shall be made without approval of the Commission.

IT IS FURTHER ORDERED that ordering statements 2, 6, 7 and 8 of the March 16, 1981, Order be and they are hereby incorporated as a part of this Order the same as if fully written herein.

Done at Frankfort, Kentucky, this 1st day of December, 1981.

PUBLIC SERVICE COMMISSION

Martin M. Volk  
Chairman

Katherine Randall  
Vice Chairman

Tom Carrigan  
Commissioner

ATTEST:

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Secretary