

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of

THE APPLICATION OF HARDIN COUNTY )  
WATER DISTRICT NO. 1 OF HARDIN )  
COUNTY, KENTUCKY FOR (1) CERTIF- )  
IFICATE OF PUBLIC CONVENIENCE AND )  
NECESSITY, AUTHORIZING AND PER- )  
MITTING SAID WATER DISTRICT TO )  
CONSTRUCT A WATERWORKS CONSTRUC- )  
TION PROJECT, CONSISTING OF EX- )  
TENSIONS, ADDITIONS AND IMPROVE- )  
MENTS TO THE EXISTING WATERWORKS )  
SYSTEM OF THE DISTRICT AND DE- )  
VELOP A NEW WATER SOURCE AND )  
WATER PLANT, AND (2) APPROVAL OF )  
THE PROPOSED PLAN OF FINANCING )  
OF SAID PROJECT. )

CASE NO. 8173

INTERIM ORDER

Preface

On March 18, 1981, the Hardin County Water District No. 1 ("Utility") filed with this Commission its duly verified application seeking a certificate of public convenience and necessity authorizing the construction of extensions, additions, other improvements to its existing water distribution system, a new water source and a new water treatment plant and approval of the proposed plan of financing the project. Approximately 3,833 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, April 15, 1981. All parties of interest were notified and no protests were

entered. At this hearing, the Utility filed an amendment to its application seeking a revision of the existing water rates and charges.

This Interim Order addresses the construction and financing proposals of the Utility to expedite the acceptance of the construction bids on this project which were received on May 19, 1981. A subsequent Order of this Commission will address the matter of the adjustment 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 that:

1. The construction bids expire on July 18, 1981. Therefore, the Commission finds that this Order addressing the certification of construction should be entered prior to the date of a final Order in this case.

2. 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. In the final Order in this case, the Commission will set rates necessary to provide the utility with an opportunity to recover its reasonable operating costs, service its debt and provide a reasonable surplus for equity growth.

3. Public convenience and necessity requires construction of the Utility's proposed waterworks system project in Hardin County, Kentucky, as set forth in the application.

4. The construction project proposed by the Utility consists of a new water treatment plant, a 500,000 gallon elevated storage tank, other appurtenances and improvements, and approximately 31 miles of additional water distribution mains as follows: 99,600 feet of 12-inch pipe, 33,600 feet of 10-inch pipe, 34,000 feet of 8-inch pipe and 100 feet of 6-inch pipe; all at a total project cost of approximately \$2,940,000.

5. 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. The issuance of \$2,940,000 in water revenue bonds 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. 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 60 days of the date that construction is substantially completed.

8. The contract between the Utility and the Engineer should require the Engineer to provide general engineering supervision and

full-time 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. Within 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 Hardin 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, hereby 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 the issuance of \$2,940,000 in water revenue bonds; provided that the Utility attempts to obtain the funds at the lowest possible cost of money in its interest rate negotiations. Further, that this \$2,940,000

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 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 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 finding of value for any purpose nor construed as a warranty on the part of the Commonwealth of Kentucky, or any agency thereof, of the financing authorized herein.

Done at Frankfort, Kentucky, this 6th day of July 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Vohy  
Chairman

Katharine Randall  
Vice Chairman

Don Hays  
Commissioner

ATTEST:

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Secretary