

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF EDMONSON COUNTY WATER)
DISTRICT, EDMONSON COUNTY, KENTUCKY, FOR)
A CERTIFICATE OF CONVENIENCE AND NECESSITY)
AUTHORIZING SAID DISTRICT TO CONSTRUCT)
ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO)
ITS EXISTING MUNICIPAL WATER DISTRIBUTION) CASE NO. 8950
SYSTEM PURSUANT TO THE EXPRESS PROVISIONS)
OF CHAPTER 74 AND 106 OF THE KENTUCKY)
REVISED STATUTES; SEEKING APPROVAL OF A)
NEW SCHEDULE OF WATER SERVICE RATES AND)
CHARGES; AND SEEKING APPROVAL FOR THE)
ISSUANCE OF CERTAIN SECURITIES)

INTERIM ORDER

The Edmonson County Water District ("Edmonson County") filed an application on December 9, 1983, for approval of adjustments to its water service rates, authorization to construct a \$1,770,000 waterworks improvements project and approval of its financing for this project. Edmonson County's financing includes \$153,000 from applicants for service in the project area, a Farmers Home Administration ("FmHA") grant for \$319,000, and a \$1,298,000 FmHA loan at 7 1/8 percent annual interest. Edmonson County will issue waterworks revenue bonds as security for this loan. The repayment period will be 40 years. The proposed improvements should extend service to approximately 871 customers.

Drawings and specifications for the proposed improvements as prepared by Anderson Engineering of Smiths Grove, Kentucky,

("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

A hearing on Edmonson County's proposed construction, financing and rates was held in Frankfort, Kentucky, on April 4, 1984. There were no intervenors and no protests were entered. This Interim Order will address the construction and financing portion of the application. A subsequent Order will address Edmonson County's rate adjustment proposals.

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

1. The water service needs of the customers to be served by the proposed waterline extension into Grayson County require the construction of additional facilities in order to provide adequate flows and pressure.

2. The water service needs of the customers to be served by the proposed waterline extension into Hart County require the installation of water pressure reducing facilities in order to lower the anticipated available pressure to acceptable levels.

3. With the construction of the additional facilities listed in findings number 1 and number 2 herein, public convenience and necessity require that the construction proposed in the application and record be performed and that a certificate of public convenience and necessity be granted.

4. Edmonson County should file with this Commission copies of the engineering drawings and specifications, cost estimates,

and its request for approval of the additional construction listed in findings number 1 and number 2 herein within 90 days of the date of this Order.

5. The approved construction includes about 59.5 miles of water mains and miscellaneous appurtenances thereto. The low bids received for the proposed work totaled \$1,331,705 which will require about \$1,770,000 after allowances are made for fees, contingencies and other indirect costs.

6. Any deviations from the approved construction which could adversely affect service to any customer should be subject to prior approval of this Commission.

7. The proposed borrowing of \$1,298,000 is for lawful objects within the corporate purposes of Edmonson County, is necessary and appropriate for and consistent with the proper performance of services to the public by Edmonson County and will not impair its ability to perform these services.

8. The financing secured by Edmonson County for this project will be needed to pay for the work herein approved and recommended. Edmonson County's financing plan should, therefore, be approved.

9. Edmonson County should furnish 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.

10. Edmonson County's contract with its Engineer should require the provision of full-time resident inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering. This supervision and inspection should insure 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.

11. Edmonson County should require the Engineer to furnish a copy of the record drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

12. A 5/8" x 3/4" meter should be the standard customer service meter and should be installed at all points of service unless the customer provides sufficient justification for the installation of a larger meter. Further, any customer with a larger meter, with the exception of special contract customers, should pay for the service in accordance with Edmonson County's approved meter size rate schedule.

13. Edmonson County should file with the Commission a copy of all contractual agreements for the provision of services or the purchase of services which are subject to the approval of this Commission.

IT IS THEREFORE ORDERED that Edmonson County be and it hereby is granted a certificate of public convenience and necessity to proceed with the waterworks improvements project set

forth in the drawings and specifications of record herein on the condition that the construction of additional facilities be made in accordance with findings number 1 and number 2 herein.

IT IS FURTHER ORDERED that Edmonson County shall file with this Commission copies of the engineering drawings and specifications, cost estimates, and its request for approval of the additional construction listed in findings number 1 and number 2 herein within 90 days of the date of this Order.

IT IS FURTHER ORDERED that any deviations from the approved construction that could adversely affect service to any customer shall be subject to the prior approval of this Commission.

IT IS FURTHER ORDERED that Edmonson County's plan for financing its construction work in the amount of \$1,770,000, including a 40-year loan of \$1,298,000 at 7 1/8 percent interest from the FmHA, be and it hereby is approved.

IT IS FURTHER ORDERED that Edmonson County shall file with the Commission duly verified documentation which shows the total costs of construction herein certificated including all 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 Edmonson County and its Engineer shall require the provision of full-time resident inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering. This supervision and inspection shall insure that the construction work is done in accordance with the

contract plans and specifications and in conformance with the best practices of the construction trades involved in the project.

IT IS FURTHER ORDERED that Edmonson County shall require the Engineer to furnish to the Commission a copy of the record drawings and a signed statement that the construction has been satisfactorily completed and done in accordance with the contract plans and specifications within 60 days of the date of substantial completion of the proposed construction.


IT IS FURTHER ORDERED that a 5/8" x 3/4" meter shall be the standard customer service meter and shall be installed at all points of service unless the customer provides sufficient justification for the installation of a larger meter. Further, any customer with a larger meter, with the exception of special contract customers, shall pay for that service in accordance with Edmonson County's approved meter size rate schedules.

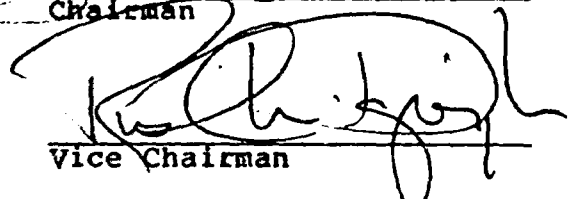
IT IS FURTHER ORDERED that Edmonson County shall file with the Commission a copy of all contractual agreements for the provision of services or for the purchase of services which are subject to the approval of this Commission.

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

Done at Frankfort, Kentucky, this 17th day of April, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary