

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GREEN RIVER	)	
VALLEY WATER DISTRICT, HART, BARREN,	)	
LARUE, GREEN AND METCALFE COUNTIES,	)	
KENTUCKY, (1) FOR A CERTIFICATE OF	)	
PUBLIC CONVENIENCE AND NECESSITY	)	
AUTHORIZING SAID DISTRICT TO CON-	)	
STRUCT MAJOR IMPROVEMENTS AND ADDI-	)	CASE NO. 9372
TIONS TO ITS EXISTING MUNICIPAL	)	
WATERWORKS AND WATER DISTRIBUTION	)	
SYSTEM PURSUANT TO THE PROVISIONS	)	
OF CHAPTER 74 OF THE KENTUCKY	)	
REVISED STATUTES; AND (2) SEEKING	)	
APPROVAL OF THE ISSUANCE OF CERTAIN	)	
SECURITIES	)	

O R D E R

The Green River Valley Water District ("Green River") filed an application on June 26, 1985, for authorization to construct a \$772,200 waterworks improvements project and approval of its financing for this project. Green River's financing includes \$16,900 from applicants for service in the project area, a loan of \$373,000 from the Farmers Home Administration ("FmHA") at 5 percent annual interest, and a Community Development Block Grant ("CDBG") of \$382,300. Green River will issue waterworks revenue bonds as security for the FmHA loan. The repayment period will be 40 years. The proposed improvements will provide water service to about 141 additional customers in Hart County.

Drawings and specifications for the proposed improvements as prepared by Campbell Wallace Consulting Engineers of Knoxville, Tennessee, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet. Construction bids were received October 10, 1985.

#### FINDINGS AND ORDERS

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

1. 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.

2. The proposed construction includes about 25 miles of new water lines, a booster pumping station, 2 water storage tanks, and miscellaneous appurtenances thereto to provide service to about 141 additional customers. The low bids received for the proposed work totaled \$625,453, which will require about \$772,200 after allowances are made for fees, contingencies, and other indirect costs.

3. Green River should obtain approval from the Commission prior to performing any additional construction not expressly certificated by this Order.

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

5. Green River 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. Said construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by this Commission.

6. Green River'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.

7. Green River should require the Engineer to furnish a copy of the "as-built" 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.

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

IT IS THEREFORE ORDERED that:

1. Green River be and it hereby is granted a certificate of public convenience and necessity to proceed with the proposed construction project as set forth in the drawings and specifications of record herein.

2. Green River's plan for financing its construction work in the amount of \$772,200, including a 40-year loan of \$373,000 at 5 percent annual interest from FmHA, be and it hereby is approved.


3. Green River shall comply with all matters set out in Findings 3 through 7 as if the same were individually so ordered.

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 15th day of November, 1985.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary