

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GRAYSON COUNTY)
WATER DISTRICT, GRAYSON COUNTY,)
KENTUCKY, (1) FOR A CERTIFICATE)
OF PUBLIC CONVENIENCE AND)
NECESSITY AUTHORIZING SAID)
DISTRICT TO CONSTRUCT MAJOR)
IMPROVEMENTS AND ADDITIONS TO) CASE NO. 9400
ITS EXISTING MUNICIPAL 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)

ORDER

The Grayson County Water District ("Grayson"), by application filed August 12, 1985, is seeking authorization to construct a \$575,000 waterworks project, and approval of its financing for the proposed project. The project financing includes \$32,000 from applicants for service in the proposed project area, a loan of \$269,000 from the Farmers Home Administration ("FmHA") at 5 percent annual interest, and a grant of \$274,000 from the FmHA. Grayson will issue waterworks revenue bonds as security for the loans. The repayment period for the loan will be 40 years.

The proposed construction will provide service to about 257 applicants for service. Plans and specifications for this construction as prepared by Warren Rural Electric

Cooperative Corporation of Bowling Green, Kentucky, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

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 project for the Grayson water system includes 257 service connections, about 19.2 miles of 6- and 4-inch water main and miscellaneous appurtenances.

3. The low bids received for the proposed construction totaled \$415,908 which will require about \$575,000 in project funding after allowances are made for fees, contingencies, other indirect costs and additional construction being considered as a result of receiving bids under the final estimate.

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

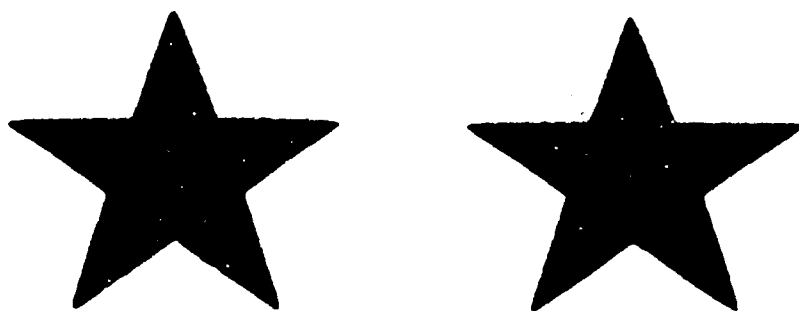
5. Grayson should obtain approval from the Commission prior to performing any additional construction not expressly certificated by this Order.

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including all capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. The construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by this Commission.

7. Grayson's contract with its Engineer should require the provision of construction inspection under the

CORRECTION



***PRECEDING IMAGE HAS BEEN
REFILMED
TO ASSURE LEGIBILITY OR TO
CORRECT A POSSIBLE ERROR***

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

5. Grayson should obtain approval from the Commission prior to performing any additional construction not expressly certificated by this Order.

6. Grayson should file with the Commission duly verified documentation which shows the total costs of construction including all capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. The construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by this Commission.

7. Grayson's contract with its Engineer should require the provision of construction inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering. The supervision and inspection should 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.

8. Grayson should require the Engineer to furnish a copy of the record plans 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.

9. A 5/8-inch x 3/4-inch meter should be the standard customer service meter for all new customers and should be installed at all points of service unless the customer provides sufficient justification for the installation of a larger meter.

10. Grayson 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.

11. The proposed borrowing of \$269,000 is for lawful objects within the corporate purposes of Grayson, is necessary and appropriate for and consistent with the proper performance of services to the public by Grayson, and will not impair its ability to perform these services.

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

IT IS THEREFORE ORDERED that Grayson be and it hereby is granted a certificate of public convenience and necessity to proceed with the waterworks construction projects described by the plans and specifications of record herein approved.

IT IS FURTHER ORDERED that Grayson shall comply with Findings 4 through 10 and 12 herein as if each of these findings were also 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 10th day of October, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Horne
Chairman

Ruth L. Jones
Vice Chairman

James N. Wilcox
Commissioner

ATTEST:

Secretary