

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EDMONSON COUNTY )  
WATER DISTRICT, EDMONSON COUNTY, )  
KENTUCKY, FOR A CERTIFICATE OF )  
CONVENIENCE AND NECESSITY AUTHORIZ- )  
ING SAID DISTRICT TO CONSTRUCT )  
ADDITIONS, EXTENSIONS AND IMPROVE- )  
MENTS TO ITS EXISTING MUNICIPAL )  
WATER DISTRIBUTION SYSTEM PURSUANT )  
TO THE EXPRESS PROVISIONS OF )  
CHAPTERS 74 AND 106 OF THE KENTUCKY )  
REVISED STATUTES; SEEKING APPROVAL )  
FOR THE ISSUANCE OF CERTAIN SECURI- )  
TIES; AND SEEKING TO CONTINUE THE )  
SAME SERVICE RATES AND CHARGES )  
UNLESS CHANGES ARE FOUND TO BE )  
NECESSARY )

CASE NO. 9348

O R D E R

The Edmonson County Water District ("Edmonson Water"), by application filed May 29, 1986, is seeking authorization to construct an \$819,000 waterworks project, and approval of its financing for the proposed project. The project financing includes \$30,000 from applicants for service in the proposed project area, a loan of \$789,000 from the Farmers Home Administration ("FmHA") at 5 percent annual interest. Edmonson Water will issue waterworks revenue bonds as security for the loan. The repayment period for the loan will be 40 years.

The proposed construction will provide service to about 175 applicants for service. Plans and specifications for this construction 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.

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 Edmonson Water includes 175 service connections, about 20.6 miles of 6- and 4-inch water main, a 100,000-gallon elevated storage tank, and miscellaneous appurtenances.

3. The low bids received for the proposed construction totaled \$665,500 which will require about \$819,000 in project funding after allowances are made for fees, contingencies, and other indirect costs.

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

6. Edmonson Water 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. Edmonson Water'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. Edmonson Water 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. Edmonson Water 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 \$789,000 is for lawful objects within the corporate purposes of Edmonson Water, is necessary and

appropriate for and consistent with the proper performance of services to the public by Edmonson Water, and will not impair its ability to perform these services.

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

IT IS THEREFORE ORDERED that:

1. Edmonson Water be and it hereby is granted a certificate of public convenience and necessity to proceed with the waterworks construction projects described by the plan and specifications of record herein approved.

2. Edmonson Water shall comply with all matters set out in Findings 4 through 10 as if the same were individually so ordered.

3. Edmonson Water's plan of financing consisting of local contributions in the amount of \$30,000 and a loan from the FmHA in the amount of \$789,000 with an interest rate of 5 percent and a 40-year term be and it hereby is approved.

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 4th day of August, 1986.

PUBLIC SERVICE COMMISSION

*Richard D. Henaw*  
Chairman

*[Signature]*  
Vice Chairman

*Gene N. Williams*  
Commissioner

ATTEST:

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Executive Director