

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE TODD COUNTY)
WATER DISTRICT, OF TODD AND LOGAN)
COUNTIES, KENTUCKY, FOR APPROVAL) CASE NO. 9724
OF CONSTRUCTION AND FINANCING)

O R D E R

Todd County Water District, Inc., ("Todd Water") by application filed October 31, 1986, is seeking a certificate of public convenience and necessity for a \$719,000 waterworks improvements project, and approval of its plan of financing composed of a \$647,000 Farmers Home Administration ("FmHA") loan and \$72,000 from applicants for water service.

Upon completion of the proposed construction, water service will be initiated to 136 applicants of record in this matter: 91 in Todd County and 45 in Logan County. The Todd County construction includes a total of 26.17 miles of new water mains for four separate areas of construction. The Logan County construction includes a total of 5.62 miles of new water mains for two separate areas of construction.

The construction plans and specifications prepared by Mayes, Suderth and Etheredge, Inc., of Lexington, 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 includes the construction of about 167,875 feet of distribution system pipeline (48,660 feet of 6-inch, 117,680 feet of 4-inch, and 1,535 feet of 3-inch); 136 new service connections; a pressure reducing station, air release valves, gate valves and other appurtenances. Four separate construction areas in Todd County are: (1) Southward from Elkton for 3.2 miles on KY 181 and 1.75 miles of Herman Road; (2) immediately northwest of Elkton - 12.4 miles including a 10.85 mile loop along Pond River Road, KY 171, KY 508, Stringtown Road to near US 68 at Tress Shop and the full length of Stokes Chapel Road; (3) KY 507 westward from Allegre for 2.0 miles; and (4) northward and eastward for 5.25 miles from Sharon Grove to the Logan County line: 2.65 miles of Sharon Grove Road and 2.6 miles of Antioch Church and Duncan Ridge Roads. Two separate construction areas in the northwest corner of Logan County are: (1) KY 107 eastward from Deer Lick about 1.27 miles and (2) KY 1293 and the Harris Road a total of about 4.35 miles: 2.50 miles on KY 1293 and 1.85 miles on the Harris Road and the Bradley Hollow Subdivision.

3. The low bids for the work proposed by Todd Water totaled \$526,338. The funding required for this work will be approximately \$719,000 including engineering design fees, legal fees, resident inspection, interest during construction, and a 7.9 percent construction contingency. The \$719,000 funded for Todd Water's construction should, therefore, be adequate for its completion.

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

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

6. Todd Water's contract with its Engineer should require full-time resident inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering to 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.

7. Todd Water 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 construction.

8. 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.

9. The \$719,000 financing plan proposed by Todd Water is for lawful objects within its corporate purposes, is necessary and appropriate for and consistent with the proper performance of its services to the public and will not impair its ability to perform these services, is reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Todd Water be and it hereby is granted a certificate of public convenience and necessity to proceed with the proposed construction as set forth in the plans and specifications of record herein.

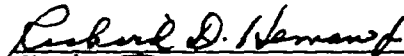
2. Todd Water's plan of financing consisting of applicant contributions in the amount of \$72,000 and a loan from the FmHA in the amount of \$647,000 with an interest rate of 5 percent and a 40-year term be and it hereby is approved.

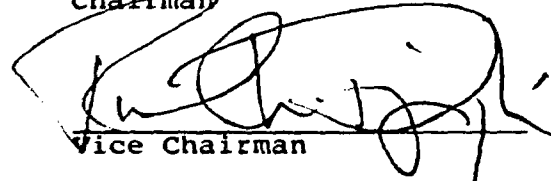
3. Todd Water shall comply with all matters set out in Findings 4 through 8 as if the same were individually so ordered.

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 1st day of September, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director