

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF REIDLAND WATER)
AND SEWER DISTRICT FOR (1) A)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY, AUTHORIZING SAID)
DISTRICT TO INSTALL AN AERATOR,)
TWO 200 GRAVITY FILTERS AND)
CHLORINATION, COMPLETELY REPLACING) CASE NO. 9867
THE EXISTING SYSTEM AT A COST OF)
APPROXIMATELY \$265,000.00 AND (2))
SEEKING APPROVAL FOR THE ISSUANCE)
OF CERTAIN SECURITIES, ALL WITHOUT)
AN INCREASE IN RATES)

O R D E R

Reidland Water and Sewer District ("Reidland Water") by application filed February 19, 1987, is seeking a certificate of public convenience and necessity to construct a \$345,069 waterworks improvements project and approval of its plan of financing for this project. The project financing includes a \$200,000 loan from the Paducah Bank and Trust Company ("Paducah Bank") and \$145,069 from various Reidland Water funds. The loan from the Paducah Bank is estimated to have a 20-year term and an interest rate of 6.5 percent per annum.

The construction plans and specifications prepared by Florence and Hutcheson, Inc., Consulting Engineers of Paducah, Kentucky, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

The Commission, after consideration of the 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 a new water filtration system to include a new concrete block building, a new aerator, two new gravity filters, rate of flow controllers, a chlorination system, miscellaneous piping and controls and other miscellaneous construction and appurtenances.

3. The low bids totaled \$314,569. The funds required for this work will be approximately \$345,069 including engineering design fees, resident inspection and other indirect construction costs.

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. Reidland 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. Reidland Water should require the Engineer to provide resident inspection under the general supervision of a pro-

fessional engineer with a Kentucky registration in civil or mechanical engineering to ensure 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. Reidland 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 this construction.

8. The \$345,069 financing plan proposed by Reidland Water for its proposed construction 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.

9. If Reidland Water accepts a different interest rate or a different loan period on the loan from the Paducah Bank, the Commission should be notified immediately.

IT IS THEREFORE ORDERED that:

1. Reidland 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.

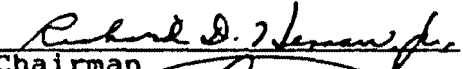
2. Reidland Water's plan of financing consisting of a \$200,000 loan from the Paducah Bank and \$145,069 in various Reidland Water funds be and it hereby is approved.


3. Reidland Water shall comply with all matters set out in Findings 4 through 7 and Finding 9 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 authorized herein.

Done at Frankfort, Kentucky, this 13th day of March, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director