

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE COUNTY OF)
LYON, LYON COUNTY WATER DISTRICT,)
AND THEIR REQUEST FOR A CERTIFICATE)
OF PUBLIC CONVENIENCE WAIVER AND) CASE NO. 91-053
NECESSITY AS WELL AS A WAIVER FOR)
THE APPROVAL OF THE FINANCING)
ARRANGEMENTS FOR SAME)

O R D E R

By application filed February 7, 1991, Lyon County Water District ("Lyon Water") is seeking authorization to construct a \$178,255 waterworks improvement project and for approval of its plan of financing for this project. Project funding includes a loan in the amount of \$138,255 from Kentucky Association of Counties Leasing Trust ("KACLT") and \$40,000 from applicants for service in the proposed project area. The loan will be for a 15-year period at an interest rate of 6.88 percent per annum.

Plans and specification for the proposed construction prepared by Elrod Dunson, Inc. of Nashville, Tennessee, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Public convenience and necessity require the construction proposed in the application be performed and that a Certificate of Public Convenience and Necessity be granted.

2. The proposed construction consists of approximately 6.5 miles of 6- and 4-inch diameter pipelines and related appurtenances. The low bids totaled \$94,365 which will require a total of approximately \$178,255 after allowances are made for fees and other indirect costs as noted in Appendix A.

3. Lyon Water should monitor the adequacy of the expanded water distribution system after construction. If the level of service is inadequate or declining, or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 6(1), Lyon Water should take immediate action to maintain the level of service in conformance with the regulations of the Commission.

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

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

6. Lyon Water should furnish duly verified documentation of the total costs 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 the Commission.

7. Lyon Water 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, to ensure 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.

8. Lyon Water should furnish within 60 days of the date of substantial completion of this construction 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.

9. The financing plan proposed by Lyon Water is for lawful objects within the corporate purpose of its utility operations, is necessary and appropriate for and consistent with the proper performance of the utility's service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose. It should, therefore, be approved.

IT IS THEREFORE ORDERED that:

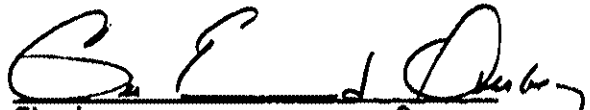
1. Lyon Water be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project set forth in the drawings and specifications of record herein, on the condition that service levels be monitored and corrective action taken in accordance with Commission regulations.

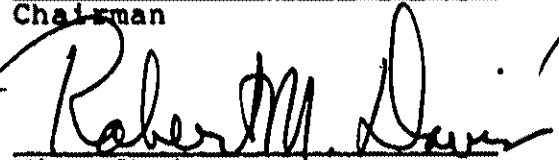
2. Lyon Water's financing plan consisting of a \$138,255 loan from KACLT, and \$40,000 from applicants for service in the proposed project area is hereby approved. The financing herein approved shall be used only for the lawful purposes specified in Lyon Water's application.

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

Done at Frankfort, Kentucky, this 6th day of August, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
 COMMISSION IN CASE NO. 91-053 DATED 8/06/91

FINAL ENGINEERING REPORT (COST SUMMARY)
LYON COUNTY WATER DISTRICT
WATER LINE EXTENSION ALONG HWY 274

Materials

32,520 L.F.	- 6" P.V.C. Pipe - SDR 21 (Class 200) @\$1.88/L.F.	\$ 61,137.60
220 L.F.	- 6" Ductile Iron Pipe M.J. - Class (50) @\$8.00/L.F.	\$ 1,760.00
1,860 L.F.	- 4" P.V.C. Pipe (SDR 21) (Class 200) @\$0.91/L.F.	\$ 1,692.60
1 EA.	- 8" x 6" Tapping Sleeve (M.J.)	\$ 222.00
1 EA.	- 6" Tapping Valve @\$235/ea.	\$ 235.00
12 EA.	- 6" Gate Valves (M.J.) @\$189/ea.	\$ 2,268.00
1 EA.	- 4" Gate Valves (M.J.) @\$180/ea.	\$ 180.00
14 EA.	- Valve Boxes (Cast Iron) @\$80/ea.	\$ 1,120.00
34,300 L.F.	- 2" Wide Detectable Tape @\$0.05/L.F.	\$ 1,715.00
4 EA.	- 2" Blow-Off Hydrant @\$305/ea.	\$ 1,220.00
4 EA.	- 2" Gate Valves @\$140/ea.	\$ 560.00
4 EA.	- 2" Corporation Stops @\$80/ea.	\$ 320.00
4 EA.	- 4" x 2" Reducer (PVC) @\$15/ea.	\$ 60.00
6 EA.	- 3/4" Air Release Valves @\$47.25/ea.	\$ 283.50
6 EA.	- 1" Gate Valves @\$9.50/ea.	\$ 57.00
6 EA.	- 1" Globe Valves @\$14.00/ea.	\$ 84.00
6 EA.	- 4' Dia. Concrete Manhole @\$600	\$ 3,600.00
6 EA.	- Manhole Frame & Cover @\$250/ea.	\$ 1,500.00
3 EA.	- 6" x 6" M.J. Ductile Iron Tees @\$100.00	\$ 300.00
5 EA.	- 6" x 4" M.J. Ductile Iron Tees @\$95.00	\$ 475.00
2 EA.	- 6" - 90° M.J. Ductile Iron Bends @\$65.00/ea.	\$ 130.00
10 EA.	- 6" - 45° M.J. Ductile Iron Bends @\$60.00/ea.	\$ 600.00
4 EA.	- 6" - 22 1/2° M.J. Ductile Iron Bends @\$60.00/ea.	\$ 240.00
1 EA.	- 6" M.J. Plug @\$25/ea.	\$ 25.00
4 EA.	- 4" - 45° M.J. Bends @\$45.00/ea.	\$ 180.00
240 L.F.	- Highway Bore @\$60.00/L.F. (includes material & Installation)	\$ 14,400.00
		\$ 94,364.70
Total Materials:		\$ 94,364.70
Water District Labor (3 mos. @\$15/hr.)		\$ 7,800.00
Trenching of Pipe (Bids taken on July 2, 1990) 34,600 L.F. @\$1.65/L.F.		\$ 57,090.00
Surveying		\$ 1,500.00
Engineering Design		\$ 16,000.00
Engineering & Inspection During Construction		\$ 1,500.00
TOTAL PROJECT COSTS		\$178,254.70