

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GREEN RIVER)	
VALLEY WATER DISTRICT FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE)	
AND NECESSITY TO CONSTRUCT AN)	
IMPROVEMENTS PROJECT AND TO ISSUE)	CASE NO.
SECURITIES IN THE APPROXIMATE)	2002-00413
PRINCIPAL AMOUNT OF \$519,000 FOR THE)	
PURPOSE OF FINANCING SAID PROJECT)	
PURSUANT TO THE PROVISIONS OF KRS)	
278.020, 278.300 AND 807 KAR 5:001)	

ORDER

On November 15, 2002, the Green River Valley Water District (Green River District) submitted its application requesting the Commission to: (1) issue a Certificate of Public Convenience and Necessity (Certificate) for an \$800,000 improvements project; and (2) approve Green River District s proposed plan of financing. Green River District proposes to construct approximately 116,000 linear feet of water transmission main and a booster pumping station. The proposed improvements project will be funded with a \$350,000 U. S. Environmental Protection grant and a \$519,000 Kentucky Rural Water Finance Corporation (KRWFC) loan. Green River District estimates the KRWFC loan will have a 20-year term with an effective variable interest rate of 1.93 to 5.15 percent¹ per annum.

As part of its application, Green River District moves for a deviation from the provision of Administrative Regulation 807 KAR 5:001, Section 6, requiring that,

¹ Application, Exhibit D, Bond Debt Service Green River Valley Water District Series 2002 20 Year.

[w]henver in these rules it is provided that a financial exhibit shall be annexed to the application, the said exhibit shall cover operations for a twelve (12) month period, said period ending not more than ninety (90) days prior to the date the application is filed. However, Section 14 of that regulation permits a deviation upon the showing of good cause.

In support of its request, Green River District states that there has been no change that is material in nature in the financial condition or operation of Green River District since December 31, 2001. In its application, Green River District uses the financial data for the 12-month period ending December 31, 2001, the most recent published financial data available. Furthermore, because of the volatility of the bond market, Green River District claims that it cannot run the risk of delaying the closing of the 2001 KRWFC loan while more current financial data is compiled. Having considered Green River District's requested deviation, the Commission has determined that good cause for granting the deviation has been presented, and that there is sufficient financial information in the record for it to render a decision regarding the proposed KRWFC loan.

Having reviewed the application and being otherwise sufficiently advised, the Commission finds:

1. Green River District's proposed improvements project will increase the integrity of the water system and does not result in the wasteful duplication of any existing utility facilities nor will it compete with any other utility.

2. Green River District has obtained all of the necessary approvals or permits from the Division of Water of the Kentucky Natural Resources and Environmental Protection Cabinet for it to construct its proposed improvements project.²

3. Installation of the approximately 116,000 linear feet of water transmission main and the booster pumping station will allow Green River District to provide water service to approximately 90 new customers. For this reason the improvement project is in within the public interest and the public convenience and necessity require construction of the proposed project.

4. Green River District's proposal to obtain the KRWFC loan as described herein to finance its proposed improvement project is for a lawful object within its corporate purpose, is necessary, appropriate for and consistent with the proper performance of its service to the public, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Green River District's motion to deviate from Administrative Regulation 807 KAR 5:001, Section 6, is granted.

2. Green River District is granted a Certificate to construct its proposed improvements project.

3. Green River District shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

4. Any deviation from the construction approved shall be undertaken only with the prior approval of the Commission.

² Application, Exhibit B.

5. Green River District shall furnish 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. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

6. Green River District is authorized to borrow an amount not to exceed \$519,000 from the KRWFC at an interest rate that will vary between 1.93 to 5.15 percent per annum.

7. Green River District shall, within 30 days of executing the agreement for the proposed KRWFC loan, file with the Commission a statement setting forth the date of the loan, the actual interest rate, and the actual principal amount.

8. The proceeds from the transaction authorized herein shall be used only for the lawful purposes specified in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency as to the securities authorized herein.

Done at Frankfort, Kentucky, this 16th day of December, 2002.

By the Commission

ATTEST:

Deputy Wm H. Fowler
Executive Director