

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CRITTENDEN-LIVINGSTON COUNTY)	
WATER DISTRICT FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO CONSTRUCT AND)	CASE NO.
FINANCE AN IMPROVEMENTS PROJECT PURSUANT TO)	2004-00366
KRS 278.020 AND 278.300)	

O R D E R

On September 20, 2004, Crittenden-Livingston County Water District (“Crittenden-Livingston”) applied for a Certificate of Public Convenience and Necessity to construct a waterworks improvement project and for authority to borrow \$5,003,000 to finance that project. The project involves the construction of approximately 19,073 linear feet of 3-inch water line, 305,262 linear feet of 4-inch water line, 150,034 linear feet of 6-inch water line, 1,050 linear feet of 8-inch water line, 22,147 linear feet of 10-inch water line, a 100,000-gallon elevated tank, a 600,000-gallon elevated tank, and booster stations to serve the proposed tanks, including telemetry.

Crittenden-Livingston states the proposed project will provide potable water service to approximately 300 residences in the rural Kentucky counties of Crittenden and Livingston. The proposed 100,000-gallon elevated tank will provide improved service to the northwest region of Livingston County. The construction of the proposed 600,000-gallon elevated tank will permit Crittenden-Livingston to serve the city of Marion, Kentucky. The project is not expected to adversely affect the current level of service quality or

Crittenden-Livingston's ability to provide adequate water pressure and water supply to its existing customers.

Crittenden-Livingston proposes to finance the project through a loan in the amount of \$5,003,000 from the Kentucky Rural Water Finance Corporation ("KRWFC") through its Flexible Term Program. Under the terms of the proposed loan, Crittenden-Livingston will repay the loan over a 15-year period at interest rates varying from 2.16 percent to 5 percent.

As part of its application, Crittenden-Livingston moves for a deviation, pursuant to 807 KAR 5:001, Section 14, from the requirements of 807 KAR 5:001, Section 6, requiring that, "[w]hensoever 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."

In support of its request, Crittenden-Livingston states there has been no change that is material in nature in the financial condition or operation of Crittenden-Livingston since December 31, 2003, the most recent published financial data available. According to Crittenden-Livingston, the required financial data could not be generated in a timely and efficient manner. Requiring it to generate updated financial statements, Crittenden-Livingston claims, would cause it to lose its favorable construction bids. Having considered Crittenden-Livingston'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.

After review of the evidence of the record and being otherwise sufficiently advised, the Commission finds that:

1. Crittenden-Livingston proposes to construct a 100,000-gallon and a 600,000-gallon elevated tank with booster stations and telemetry. It also proposes to construct approximately 19,073 linear feet of 3-inch water line, 305,262 linear feet of 4-inch water line, 150,034 linear feet of 6-inch water line, 1,050 linear feet of 8-inch water line, 22,147 linear feet of 10-inch water line and related appurtenances.

2. The proposed construction will allow Crittenden-Livingston to provide potable water to approximately 300 additional residences in rural Crittenden and Livingston counties.

3. Plans and specifications for the proposed improvements prepared by Stigall Engineering Associates, Inc. of Nashville, Tennessee, have been approved by the Division of Water of the Environmental and Public Protection Cabinet.

4. The proposed construction will not compete with the facilities or service of any other utility operating in the same area and under the Commission's jurisdiction.

5. Construction of the proposed facilities will not result in the wasteful duplication of plant, equipment, property or facilities.

6. Crittenden-Livingston proposes to finance the project through a loan in the amount of \$5,003,000 from the KRWFC through its Flexible Term Program.

7. The issuance of the proposed loan agreement with KRWFC is for a lawful object within Crittenden-Livingston's corporate purposes, is necessary and appropriate for and consistent with its proper performance of its service to the public, will not impair its

ability to perform that service, and is reasonably necessary and appropriate for such purpose.

8. Crittenden-Livingston has moved for permission to deviate from the requirements of 807 KAR 5:001, Section 6.

9. Public convenience and necessity require that the construction identified in Crittenden-Livingston's application be performed and that a Certificate of Public Convenience and Necessity be granted.

IT IS THEREFORE ORDERED that:

1. Crittenden-Livingston is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project as set forth in the plans and specifications of record herein.

2. Crittenden-Livingston shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

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

4. Crittenden-Livingston's request for permission to deviate from the requirements of 807 KAR 5:001, Section 6, is granted.

5. Crittenden-Livingston 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 should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

6. Crittenden-Livingston shall require the construction to be inspected 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.

7. Crittenden-Livingston shall file a copy of the “as-built” drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

8. Crittenden-Livingston is authorized to enter into the proposed loan agreement with KRWFC to borrow \$5,003,000 and to repay such loan over a 15-year period at interest rates varying from 2.16 percent to 5 percent.

9. Crittenden-Livingston shall use the proceeds of the proposed loan agreement with KRWFC solely for the purposes set forth in Crittenden-Livingston’s application.

10. Within 20 days of the execution of the proposed loan agreement, Crittenden-Livingston shall file an executed copy of the agreement with the Commission.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the loan approved herein.

Done at Frankfort, Kentucky, this 19th day of November, 2004.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Executive Director

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