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PUBLIC SERVICE  
COMMISSION

Susan Dabney Luxon  
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February 6, 2012

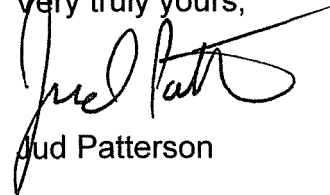
Jeff R. Derouen  
Executive Director  
KY Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

**Re: The Application of the Madison County Utilities District for a Certificate  
Of Public Convenience and Necessity to Construct and Finance a Water  
Lines Replacement Project**

Dear Mr. Derouen:

Enclosed please find the original and 9 copies of the Application of the Madison County Utilities District for a Certificate of Public Convenience and Necessity to Construct and Finance a Water Lines Replacement Project.

Very truly yours,



Jud Patterson

JP:af  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE  
COMMISSION

In the Matter of:

THE APPLICATION OF THE MADISON )  
COUNTY UTILITIES DISTRICT FOR A )  
CERTIFICATE OF PUBLIC CONVENIENCE )  
AND NECESSITY TO CONSTRUCT AND )  
FINANCE A WATER LINES REPLACEMENT )  
PROJECT )

CASE NO. 2012-\_\_\_\_\_

APPLICATION

Comes now Madison County Utilities District ("District"), by and through its Chairman, Jim Carr, and respectfully submits its Application for a Certificate of Public Convenience and Necessity and approval of financing for water lines replacement project:

1. The District is a water district created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.
2. The post office address of the District is:  

Madison County Utilities District  
Attn: John Clark, Manager  
P.O. Box 670  
Richmond, KY 40476
3. The District is a non-profit water district and has no separate Articles of Incorporation or By-laws.
4. A description of the District's water system and its property stated at its original cost by accounts is contained in its 2010 Annual Report which is incorporated herein by reference pursuant to 807 KAR 5:001 et seq. All required financial schedules and other data are contained in the 2010 Annual Report.

5. The District services approximately 9,533 Residential customers and 618 Commercial customers, 24 Government customers, and 4 Industrial customers in Madison County.

6. The Phase 3-A Project (“Project”) consist of the following:

**Railroad bore at Red House** – Construct new railroad bore with 12” water line to replace existing 4” waterline under railroad to serve Union City Road;

**Waco/College Hill Water Line Replacement** – Replacement of 400 LF of 6” D.I. with PVC pipe due to frequent leaks and location of water line next to building;

**Concord Road Creek Crossing** – Construction of 6” waterline crossing to replace an existing water line which is exposed at bottom of creek;

**KY 52/Waco Loop Water Line Replacement** – Replacement of 11,800 LF of 4” CI pipe with 8” PVC pipe due to leaks and condition of CI pipe due to acidic soil. Larger pipe size will increase flow and pressure in Waco areas, especially during peak usage;

**Fike Road Water Line Replacement** – Replacement of 8,200 LF of 4” D.I. pipe with 6” PVC pipe due to leaks, condition of pipe because of acidic soil and location of water line under pavement due to road widening. Larger pipe size will improve flow in Waco areas;

**Waco Loop to Drowning Creek** – Replacement of 3,800 LF of 4” D.I. pipe with 6” PVC pipe due to leaks and condition of pipe because of acidic soil. Larger pipe size will improve flows by Bybee area.

7. The Project is in the public's best interest and is required to reduce water line breaks, reduce water loss, preserve stream bed integrity and replace 50 years old ductile iron pipe which has been damaged due to highly acidic clay in the water line area. This project does not contemplate servicing new additional customers. The Project will improve water service to customers in the Waco and Bybee areas of Madison County

8. The total cost of the Project is approximately \$940,225 as set forth in the Final Project Cost Estimate (Exhibit "B").

9. The proposed Project will not compete with any other utility in the area.

10. Based upon the following facts, the District believes that it is in the public's best interest that a Certificate of Public Convenience and necessity be granted:

- A. The Project will improve water service in the Waco and Bybee's area of Madison County.
- B. The Project will reduce the number of leaks in 50 years old ductile iron pipe damaged by highly acidic soil.
- C. The Project will reduce the District's water loss due to replacement of damage pipe.
- D. The Project will be financed under terms which will not require a rate increase.

11. Copies of the certified bid tabulations for the Project are contained in the Final Engineering Report (Exhibit "C").

12. The District incorporates herein its 2010 Annual Report, a copy of which is on file with the PSC. The 2010 Annual Report provides financial data for the 12 month period ending December 31, 2010. To the extent that the financial data contained in a 2010 Annual

Report does not contain financial data for the period ending with 90 days of the filing of this Application, the District would request and move for a deviation from 807 KAR 5:001 et seq. The District states that there has been no change that is material in nature regarding the financial condition or operation of the District since December 31, 2010. The financial data contained in the 2010 Annual Report is the most recent published financial data available to the District.

13. The District has bid the Project and is under a 90 days bid-hold period by the contractors. The bid-hold period ends February 21, 2012. As such, is imperative that the Project be approved as quickly as possible in order to avoid the loss of favorable bids received by the District.

14. The Project will be financed as follows:

- (a) The District has received a \$940,225.00 loan from Kentucky Infrastructure Authority (DSWRF). See KIA Conditional Commitment Letter (Exhibit D).
- (b) The loan funds identified herein represent the sole source of funding for the project.
- (c) The District will not need a rate increase to fund the proposed project.
- (d) The estimate cost of operation of the Project will not increase due to the water lines in this project replacing existing water lines.

15. The District does not plan to support the Application with prepared testimony.

16. The District has received all permits necessary to construct the Project, copies of which are attached hereto as Exhibit "E".

WHEREFORE, the District requests that the Public Service Commission grant to the Applicant the following:

- A. A Certificate of Public Convenience and necessity permitting the District to construct the Water Improvements Phase 3-A project;

B. An Order approving the financing arrangements made by the District, viz, (1) the borrowing of \$940,225.00 from Kentucky Infrastructure Authority.

MADISON COUNTY UTILITIES DISTRICT

BY: James R Carr - Chairman  
JIM CARR, CHAIRMAN

Prepared By:

Jud Patterson  
Jud Patterson  
LUXON & PATTERSON  
P.O. BOX 825  
Richmond, KY 40475  
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COMMONWEALTH OF KENTUCKY

COUNTY OF MADISON

The undersigned Jim Carr, Chairman of the MADISON COUNTY UTILITIES DISTRICT, being duly sworn states and deposes that he is the Chairman of the Board of Commissioners of the Madison County Utilities District. The undersign states that he had read the foregoing Application and has noted the contents thereof and that they are true and correct to the best of his knowledge and belief.

IN TESTIMONY WHEREOF, witness the signature of the undersigned this 2<sup>nd</sup> day of February, 2012.

[Signature]  
NOTARY PUBLIC  
MY COMMISSION EXPIRES: 3/17/14  
NOTARY  
ID NO. 416183  
MY COMMISSION  
EXPIRES  
3/17/2014  
STATE AT LARGE, KY.