

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MARION COUNTY WATER)
DISTRICT FOR THE ISSUANCE OF A)
CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY TO CONSTRUCT A WATER SYSTEM)
IMPROVEMENTS PROJECT AND AN ORDER)
AUTHORIZING THE ISSUANCE OF SECURITIES)
PURSUANT TO THE PROVISIONS OF KRS)
278.020, KRS 278.300, AND 807 KAR 5:001)

CASE NO.
2019-00348

ORDER

Marion County Water District (Marion District) has applied for a Certificate of Public Convenience and Necessity (CPCN) to construct a water system improvements project and for approval of its plan to finance the proposed project.

Marion District submitted an application for a CPCN and approval of financing on September 16, 2019. The application was accepted as complete on September 16, 2019. No person has sought intervention in this matter. Marion District has not requested a hearing in this matter.

Marion District, a water district organized under KRS Chapter 74, provides retail water service to approximately 6,008 customers in Marion and Nelson counties, Kentucky.¹

This CPCN is for the replacement of the aging, leaking, and breaking water lines that lay adjacent to Kentucky Highway 289, McElroy Pike, and Kentucky Highway 412 in

¹ *Annual Report of Marion County Water District to the Kentucky Public Service Commission for the Year Ended December 31, 2018* at 12 and 49.

southeastern Marion County.² In addition, the existing underground Holy Cross Booster Pump Station is at the end of its useful life and is in need of replacement.³ Marion District states that the proposed improvements will enable it to continue to provide adequate service to its customers.⁴

The total cost of the proposed project, including administrative, legal, engineering, construction, and contingencies costs is approximately \$1,142,000. This project will be paid from a Kentucky Infrastructure Authority (KIA) Loan with total principal of \$950,000, bearing an interest rate of 1.75 percent per annum to be repaid over 20 years⁵ with a maturity date of December 31, 2039⁶ as well as a \$192,000 contribution from Marion District.⁷

Monarch Engineering of Lawrenceburg, Kentucky, prepared the plans and specifications for the proposed project.⁸ The Kentucky Division of Water (KDOW) approved the plans and specifications for the proposed construction of approximately 7,330 feet of 6-inch PVC; 350 feet of 6-inch HDPE; 19,300 feet of 4-inch PVC; 100 feet of 3-inch PVC waterlines and the replacement of the existing Holy Cross Booster Pump Station with pumps of the same capacity on August 9, 2019.⁹

² Application, Exhibit A.

³ *Id.*

⁴ *Id.*, paragraph 7.

⁵ *Id.* Attachment A, page 1.

⁶ *Id.*, page 51.

⁷ *Id.* paragraph 5, Section (vi).

⁸ *Id.*, Exhibit A.

⁹ *Id.*, Exhibit B.

Marion District opened bids for this project on August 21, 2019. Bids are subject to acceptance for 90 days. The bids on this project will expire on November 19, 2019.¹⁰

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

1. The existing Holy Cross Booster Pump Station has reached the end of its useful life and should be replaced.
2. The existing water lines listed in the application should be replaced.
3. The proposed construction will not result in wasteful duplication of existing facilities.
4. The proposed construction does not conflict with any existing certificates or the service of any other utility operating in the area.
5. Public convenience and necessity require the proposed construction, which allows Marion District to continue to provide reliable and adequate water service to its customers.
6. KDOW has approved the plans and specifications for the proposed project.
7. The proposed Assistance Agreement with KIA is for lawful objects within Marion District's corporate purpose. It is necessary for, appropriate for and consistent with the proper performance of Marion District's service to the public. It will not impair Marion District's ability to perform that service. It is reasonably necessary and appropriate for such purpose.

¹⁰ *Id.*, paragraph 10.

8. Marion District should be authorized to utilize \$950,000 of the proceeds of the Assistance Agreement on the project approved herein.

IT IS THEREFORE ORDERED that:

1. Marion District is granted a CPCN to proceed with the proposed construction as set forth in its Application.

2. Marion District shall notify the Commission prior to performing any additional construction not expressly authorized by this Order.

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

4. Marion District shall require construction to be inspected under the general supervision of a licensed 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.

5. Marion District is authorized to enter the proposed Assistance Agreement with KIA and, under the terms of that Agreement, to borrow from KIA an amount not to exceed \$950,000 to be repaid over a 20-year period at an interest rate of 1.75 percent per annum.

6. Within 30 days of executing its proposed Assistance Agreement with KIA, Marion District shall file with the Commission an executed copy of the Assistance Agreement. Marion District shall use \$950,000 of the proceeds from the proposed Assistance Agreement with KIA only for the project set forth in its application and approved by the Commission.

7. Marion District shall file with the Commission documentation of the total costs of this project, including the cost of construction and all other capitalized costs, (e.g., engineering, legal, administrative) within 60 days of the date that construction authorized under this CPCN 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.

8. Marion District 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.

9. Any documents filed in the future pursuant to ordering paragraphs 2, 6, 7, and 8, shall reference this case number and shall be retained in the post case reference file.

10. The Executive Director is delegated authority to grant reasonable extensions of time for the filing of any documents required by this Order upon Marion District's showing of good cause for such extension.

11. This case is closed and removed from the Commission's docket. Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing, herein approved.

By the Commission

ENTERED
NOV 07 2019
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

*Marion County Water District
1835 Campbellsville Road
P. O. Box 528
Lebanon, KY 40033

*Jeff Preston
Chairman
Marion County Water District
P. O. Box 528
Lebanon, KY 40033

*Honorable W. Randall Jones
Attorney at Law
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, KENTUCKY 40202