

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**APPLICATION OF GRANT COUNTY SANITARY)
SEWER DISTRICT FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY TO) CASE NO. 2013- _____
CONSTRUCT AND APPROVAL TO FINANCE A)
SANITARY SEWER EXTENSION PROJECT)**

APPLICATION

Comes now the Grant County Sanitary Sewer District (“District”), by and through its Chairman Bobby Burgess, and respectfully submits its Application for a Certificate of Public Convenience and Necessity and Approval of Financing for the Grant County Sanitary Sewer District Bullock Pen Lake Sewer Extension/Bingham Pump Station Relocation Improvement Project, (“Improvement Project”) consisting of the relocation and improvement of a primary lift station and construction of approximately 3.59 miles of sanitary sewer lines to service customers in the Bullock Pen Lake area.

In support of this Application, this District states as follows:

1. The full name and post office address of the Applicant is Grant County Sanitary Sewer District, 1 Farrell Drive, P.O. Box 460, Crittenden, Kentucky 41030.
2. The governing body of the District is it’s Board of Commissioners, a body corporate with the power to make contracts in the furtherance of the lawful and proper purposes as provided for in KRS 74.0010 et seq. The District is now and has been since 2005 regulated by the Public Service Commission (“Commission”). All records and proceedings of the District previously filed with the Commission are incorporated in this Application by reference.

3. This District is a non-profit sanitary sewer district and has no separate Articles of Incorporation or By-Laws.

4. The District was created by Ordinance of the Grant County Fiscal Court on October 7, 2002 in Ordinance No. 26-2002-2453 (Exhibit "1").

5. Pursuant to 807 KAR 5:001, the District states:

A. The District provides sanitary sewer collection and treatment services for approximately 1,500 customers within its territory. The majority of these customers are residential in nature with a limited number of commercial and industrial customers.

B. The territory served by the District is comprised principally of the geographic boundaries of the City of Crittenden, Kentucky. Services provided to some areas are outside of the geographic boundaries of Crittenden.

C. No increase in the rates charged by the District will be necessary to effectuate this project.

6. Pursuant to KRS 278.010 et. seq., the District seeks the following:

A. A Certificate of Public Convenience and Necessity permitting the District to relocate and construct a new lift station;

B. A Certificate of Public Convenience and Necessity for the installation of approximately 3.59 miles of new sanitary sewer lines to service new customers; and

C. Approval of the proposed plan of financing for the Project.

7. A description of the District's sanitary sewer system and its property stated at its original cost by account as referred to in its December 31, 2012 Annual Report which is incorporated herein by reference pursuant to 807 KAR 5:001 et seq (Exhibit "2").

8. The Improvement Project which is the subject matter of this Application consists of the following:

A. The District's current Bingham Lift Station was originally constructed in 1988. Due to increased residential and commercial development in the immediate area, the Bingham Lift Station is outdated and in need of major repair. Since the District acquired the sanitary sewer system from the City of Crittenden in 2004, the Bingham Lift Station has required an inordinate amount of repair, including replacement of motors, pumps, parts and the like. In addition, the Bingham Lift Station is currently constructed at a specific location that is no longer appropriate. The District needs to relocate its Bingham Lift Station in order to better service existing customers and to promote future growth in the area. See the attached Preliminary Engineering Report (Exhibit "3") for a more detailed description of this phase of the Improvement Project.

B. The second portion of the Improvement Project consists of the installation of approximately 3.59 miles of new sanitary sewer lines. This portion of the Improvement Project will add an additional 46 new customers. Currently, residents in the area of the proposed Improvement Project are served by on-site sanitary septic systems. Those residents are also in direct contact with, abut and/or are in the immediate watershed area of Bullock Pen Lake. It is the intention of the District to extend sanitary sewer service to the Bullock Pen Lake area in order to insure that contamination of the Bullock Pen Lake does not occur. Currently, the Bullock Pen Water District draws water from Bullock Pen Lake as one of its primary sources of water supply for its customers. See the attached Preliminary Engineering Report (Exhibit "3") for a more detailed description of this portion of the Improvement Project.

9. The Improvement Project is in the public's best interest and is required to

enable the District to better serve existing customers; to encourage continued growth and development in the District service area; to add an additional 46 customers; and, to protect Bullock Pen Lake from contamination by on-site residential septic systems.

10. The District does not contemplate having the Improvement Project constructed with any deviation from minimum construction standards of the Commission.

11. The total cost of the Improvement Project is approximately \$1,276,449.00 as outlined in the attached Final Project Cost Estimate (Exhibit "4").

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

13. Copies of the certified bid tabulations for the Improvement Project are contained in the Final Engineering Report (Exhibit 5").

14. The 2012 Annual Report provides financial data for the 12 month period ending December 31, 2012. To the extent that the financial data contained in its 2012 Annual Report does not contain financial data for the period ending within 90 days of the filing of this Application, the District would request and moves for a deviation from 807 KAR 5:001 et seq. The District states there has been no change that is material in nature regarding the financial condition or operation of the District since December 31, 2012. The financial data contained in the 2012 Annual Audit Report is the most recent published financial data available to the District.

15. The District has bid the Project and is under a 90 day bid-hold period by the contractors. The bid-hold period ends January 6, 2014. As such, it is imperative that the Improvement Project be approved as quickly as possible in order to avoid the loss of favorable bids received by the District.

16. Total project cost is estimated to be approximately \$1,276,449.00 financed as follows:

A. \$1,211,449.00 of the total project cost will be financed through the Kentucky Infrastructure Authority (KIA) through a federally assisted Wastewater Revolving Loan Fund in an amount not to exceed \$1,211,449.00. A copy of the Conditional Commitment Letter dated October 4, 2013 is contained in Exhibit "6". The KIA loan will bear interest at the rate of 3% per annum and be amortized over a period of 20 years. A loan servicing fee of 0.20% of the annual outstanding loan balance shall be payable to KIA as a part of each interest payment. Interest and principal payments shall be payable as set forth in the attached Conditional Commitment Letter dated October 4, 2013.

B. \$65,000.00 of the total project cost will be payable by the District. Up to \$46,000.00 of that amount will be payable from receipts of tap-on fees of new customers on the to be constructed sanitary sewer line.

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

18. The District has received all approvals and permits necessary to construct the Improvement Project, copies of which are attached hereto as Exhibit "6".

19. The District is providing three full sets of a Project Manual for the Improvement Project and all Engineering Plans and Specifications. (Exhibit "7".)

20. A rate increase will not be necessary to implement the Improvement Project.

21. The estimated cost of operation of the Improvement Project upon completion is attached as Exhibit "8".

WHEREFORE, the District requests that the Commission grant the following relief.

A. A Certificate of Public Convenience and Necessity permitting the District to construct the Grant County Sanitary Sewer District, Phase II Improvement Project;

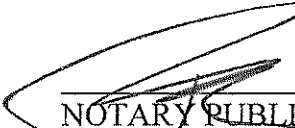
B. For an Order approving the financing arrangements made by the District in the amount of \$1,211,449.00 through Kentucky Infrastructure Authority, Wastewater Revolving Loan Fund.

GRANT COUNTY SANITARY SEWER DISTRICT


BY: 
BOBBY BURGESS, CHAIRMAN

COMMONWEALTH OF KENTUCKY
COUNTY OF GRANT

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by the said Bobby Burgess, Chairman, Grant County Sanitary Sewer District, this 12 day of November, 2013.


NOTARY PUBLIC
My Commission: 3/24/16

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INDEX OF EXHIBITS

EXHIBIT NO.	DESCRIPTION
"1"	GRANT COUNTY SANITARY SEWER DISTRICT ORDINANCE
"2"	GRANT COUNTY SANITARY SEWER DISTRICT DECEMBER 31, 2012, AUDITED FINANCIAL STATEMENT AND 2012 DEPRECIATION SCHEDULE
"3"	PRELIMINARY ENGINEERING REPORT
"4"	FINAL PROJECT COST ESTIMATE
"5"	FINAL ENGINEERING REPORT AND BID TABULATIONS
"6"	KENTUCKY INFRASTRUCTURE AUTHORITY CONDITIONAL COMMITMENT LETTER AND KENTUCKY DIVISION OF WATER APPROVALS
"7"	PROJECT MANUAL INCLUDING ENGINEERING PLANS AND SPECIFICATIONS
"8"	COST OF OPERATION ESTIMATE