

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE WESTERN PULASKI)
COUNTY WATER DISTRICT FOR A CERTIFICATE)
OF PUBLIC CONVENIENCE AND NECESSITY TO) CASE NO.
CONSTRUCT A WATER SYSTEM IMPROVEMENTS) 2014-00157
PROJECT AND INCREASE RATES PURSUANT TO)
KRS 278.023)

ORDER

Western Pulaski County Water District ("Western Pulaski") has applied to the Commission for a Certificate of Public Convenience and Necessity ("CPCN") for a water system improvements project known as the "Phase 2 Project" and for an adjustment of rates.

Western Pulaski proposes to construct the Phase 2 Project, which consists of the construction and installation of approximately 22,860 linear feet of three-inch and four-inch polyvinyl chloride ("PVC") water line and appurtenances, and a new Supervisory Control and Data Acquisition ("SCADA") control system. This project will provide service to approximately ten new customers and will improve the quality of service to existing customers on Bridge Hollow Road, the Three Springs Area, Ferry Road, and Sleepy Hollow Road. The proposed project will also assist Western Pulaski, through a central SCADA unit, to oversee all water system activities at its remote sites, which are: seven storage tanks, six pump stations, and 11 master meters. The total cost of the project, including legal, engineering design, engineering inspection, and contingency fees, is \$1,120,000.

In Case No. 2012-00582,¹ the Commission granted Western Pulaski a CPCN to construct the Phase 1 Project, which consisted of constructing approximately 30,315 linear feet of three-inch polyvinyl chloride water line along the areas of Browns Ridge Road, Finley Owens Road, Hendricks Road, Shoreline Drive, and Hideaway Drive in western Pulaski County, Kentucky. The Commission also authorized Western Pulaski to issue \$1,400,000 of Waterworks Revenue Bonds to Rural Development (“RD”), an agency of the United States Department of Agriculture. In that proceeding RD explained that it would not authorize disbursement of any funds to Western Pulaski for the Phase 2 Project until this Commission issues a CPCN for that phase. Under the proposed rates, the monthly bill of a residential customer who uses 5,000 gallons of water will increase from \$31.80 to \$32.80, or approximately 3.14 percent.

Western Pulaski has submitted its application pursuant to KRS 278.023. Notwithstanding KRS 278.020(1), KRS 278.180, KRS 278.190, and KRS 278.300, KRS 278.023 requires the Commission to accept agreements between water districts and RD regarding construction projects, and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements.

KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of the agreement between RD and Western Pulaski, or to defer the issuance of all necessary orders to implement the terms of that agreement. It

¹ Case No. 2012-00582, *The Application of the Western Pulaski County Water District for a Certificate of Public Convenience and Necessity to Construct and Finance Pursuant to the Provisions of KRS 278.023* (Ky. PSC Feb. 11, 2013).

further denies the Commission any authority to reject an application when the evidence of record indicates that a water district's proposed facilities will result in the wasteful duplication of facilities or excessive investment or its proposed rates are unfair, unjust, or unreasonable.

Western Pulaski's application met the minimum filing requirements of KRS 278.023 on May 7, 2014.² The Commission, therefore, is not able to review this application using the same standards that are used for applications not filed pursuant to KRS 278.023.

IT IS THEREFORE ORDERED that:

1. Western Pulaski is granted a CPCN for the proposed construction project.
2. Western Pulaski shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.
3. Notwithstanding ordering paragraph 2, if surplus funds remain after the approved construction has been completed, Western Pulaski may use such surplus to construct additional plant facilities if RD approves of the use and the additional construction will not result in a change in Western Pulaski's rates for service. Western Pulaski shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 4.
4. Western Pulaski shall file a copy of the "as-built" drawings and a certified statement from the engineer that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of substantial completion of the construction certified herein.

² Letter from Linda Faulkner, Filings Division Director at the Kentucky Public Service Commission, to Don Calder, Chairman of Western Pulaski County Water District (May 15, 2014). This letter erroneously states that Western Pulaski's application was accepted for filing on May 15, 2014. The correct filing date is May 7, 2014.

5. Western Pulaski 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.

6. Western Pulaski shall notify the Commission in writing one week prior to the actual start of construction and at the 50 percent completion point.

7. The rates set forth in the Appendix to this Order are approved for service that Western Pulaski renders on and after the date of this Order.

8. Within 20 days of the date of this Order, Western Pulaski shall file revised tariff sheets with the Commission, using the Commission's electronic Tariff Filing System, containing the rates set forth in the Appendix to this Order.

9. Any documents filed in the future pursuant to ordering paragraphs 3, 4, and 6 of this Order shall reference this case number and shall be retained in the post case referenced correspondence file.

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

By the Commission

ENTERED
JUN 02 2014
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

Executive Director

Case No. 2014-00157

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00157 DATED **JUN 02 2014**

The following rates and charges are prescribed for the customers in the area served by Western Pulaski County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

5/8-Inch X 3/4-Inch Meter

| | | |
|-------------|---------|-------------------|
| First 2,000 | \$15.34 | Minimum Bill |
| Over 2,000 | 5.82 | per 1,000 Gallons |

1-Inch Meter

| | | |
|--------------|---------|-------------------|
| First 10,000 | \$61.90 | Minimum Bill |
| Over 10,000 | 5.82 | per 1,000 Gallons |

1 1/2-Inch Meter

| | | |
|--------------|---------|-------------------|
| First 15,000 | \$91.00 | Minimum Bill |
| Over 15,000 | 5.82 | per 1,000 Gallons |

2-Inch Meter

| | | |
|--------------|----------|-------------------|
| First 20,000 | \$120.10 | Minimum Bill |
| Over 20,000 | 5.82 | per 1,000 Gallons |

3-Inch Meter

| | | |
|--------------|----------|-------------------|
| First 30,000 | \$178.30 | Minimum Bill |
| Over 30,000 | 5.82 | per 1,000 Gallons |

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