

COMMONWEALTH OF KENTUCKY
BEFORE THE UTILITY REGULATORY COMMISSION

* * * * *

In the Matter of:

THE APPLICATION OF BUFFALO TRAIL WATER)
ASSOCIATION, INC. OF ROBERTSON AND MASON)
COUNTIES, FOR (1) A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY, AUTHORIZING)
AND PERMITTING SAID WATER ASSOCIATION)
TO CONSTRUCT A WATERWORKS CONSTRUCTION)
PROJECT, CONSISTING OF EXTENSIONS,) CASE NO. 7763
ADDITIONS, AND IMPROVEMENTS TO THE)
EXISTING WATER WORKS SYSTEM OF THE)
ASSOCIATION: (2) APPROVAL OF THE PROPOSED)
PLAN OF FINANCING OF SAID PROJECT; AND)
(3) APPROVAL OF THE INCREASED WATER RATES)
PROPOSED TO BE CHARGED BY THE ASSOCIATION)
TO CUSTOMERS OF THE ASSOCIATION.)

INTERIM ORDER

Preface

On March 5, 1980, the Buffalo Trail Water Association, hereinafter referred to as the "Utility", filed with this Commission its duly verified application seeking: (1) a "Certificate of Public Convenience and Necessity" authorizing the construction of extensions, additions and other improvements to its existing water distribution system; (2) approval of the proposed method for financing the project; and (3) approval of adjustments in its water service rates.

The case was set for hearing at the Commission's offices in Frankfort, Kentucky on April 7, 1980 for testimony regarding the proposed construction and method of financing. The hearing is scheduled for continuance on April 29, 1980 for testimony regarding the proposed adjustment of rates. All parties of interest have been notified in the manner prescribed by the Kentucky Revised Statutes. The Attorney General's Division of Consumer Intervention is an intervenor of record in this matter.

A copy of a letter from the Sanitary Engineering Division of the Kentucky Department of Natural Resources and Environmental Protection approving the plans and specifications is on file with this Commission.

The complete record and testimony in this matter through the conclusion of the April 7, 1980 hearing has been considered by the Commission in the making of this Order which addresses certification of construction and the method of financing. The matter of an adjustment of the Utility's rates will be considered at the April 29, 1980 hearing and will be addressed by a subsequent Order of this Commission.

Findings In This Matter

The Commission, after consideration of all the evidence of record and being advised, is of the opinion and finds:

1. That public convenience and necessity requires construction of the proposed water works project in the areas defined by the application and exhibits filed in this matter.

2. That the proposed project includes: construction of 26,130 feet of 8-inch PVC water pipe class 250, 14,230 feet of 8-inch PVC water pipe class 200, 7,560 feet of 8-inch ductile iron water pipe, 390 feet of 6-inch ductile iron water pipe, 10 feet of 4-inch PVC water pipe class 250, 350 feet of 3-inch PVC water pipe class 250, 13 service connections for new customers, and other miscellaneous improvements; all at a total project cost of \$1,092,000. Further, that construction of the proposed water mains will connect the Utility's water mains to the proposed 700 GPM water treatment plant to be constructed by the Western Fleming County Water District and that a contribution in aid of construction in the amount of approximately \$493,000 has been dedicated to payment of that portion of the new treatment plant's capacity committed to supplying the Buffalo Trail Water Association and the City of Mt. Olivet.

3. That any construction deviations from the contract plans and specifications, herein approved, which could adversely affect service to any customer should be subject to the prior approval of this Commission.

4. That the financing of this project by means of an FmHA Grant of \$726,000, and FmHA Loan of \$364,000 and Service Connection Fees of \$2,000 is necessary and appropriate for and consistent with the proper performance by the Utility in its service to the public, and will not impair its ability to perform that service.

5. That the Utility's current revenues (1) are adequate for meeting its current obligations; but are not adequate for coverage of the additional obligations for financing, constructing and operating the proposed new facilities. The Commission, therefore, acknowledges its obligation to consider the Utility's proposed adjustment of rates as an inherent part of this certificating Order. Further, that this Commission should enter an Order setting forth the adjusted rates no later than June 5, 1980 to satisfy loan closing requirements. Further, the said rates should insure the financial integrity of the Utility.

6. That the Order entered by this Commission on November 30, 1979 in Case No. 7400 ordered the Utility to take certain actions regarding its unaccounted for water as follows:

IT IS FURTHER ORDERED that the Buffalo Trail Water Association establish and maintain a program of emphasis on leak detection and correction until such time as its distribution system losses have been reduced to 15% or less for three consecutive months. Further, that the District shall submit monthly reports of its distribution system losses to this Commission until such time as such losses have been stabilized at 15% or less. Such reports shall include the quantity of water purchased, the quantity of water sold and the quantity of unaccounted for water

No response to the above Order has been received as of the date of this Order; and the Utility is hereby reminded that it is in violation of an official Order of this Commission and is now subject to the provisions of KRS 278.390, which is hereby quoted as follows:

278.390 3952-13 Enforcement of Orders

The Commission may compel obedience to its lawful orders by mandamus, injunction or other proper proceedings in the Franklin Circuit Court or any other court of competent jurisdiction, and such proceedings shall have priority over all pending cases. Every order entered by the Commission shall continue in force until the expiration of the time, if any named by the Commission in the Order, or until revoked or modified by the Commission, unless the Order is suspended, or vacated in whole or in part, by order or decree of a court of competent jurisdiction.

7. That the Utility should furnish this Commission with duly verified documentation of the total cost of this project, including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within sixty (60) days of the date that construction is substantially completed.

(1) The Utility's revenues are produced by rates set by this Commission by Order entered November 30, 1979 in Case No. 7400.

8. That the contract between the Utility and the Engineer should require the Engineer to provide general engineering supervision and full-time resident inspection under his supervision to insure that the construction work conforms to the best construction practices and is done in accordance with the contract plans and specifications.

9. That within sixty (60) days of the date of substantial completion of the construction, the Utility should require the Engineer to furnish this Commission with a copy of the "As-Built Plans" along with the Engineer's certification that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

Orders In This Matter

The Commission, on the basis of the matters hereinbefore set forth and the evidentiary record in this case:

HEREBY ORDERS that the Utility be and it is hereby granted a Certificate of Public Convenience and Necessity to construct the proposed extensions, additions, and other improvements to its existing water distribution system in the areas set forth in the application and in accordance with the contract plans and specifications filed in this record.

IT IS FURTHER ORDERED that any construction deviations from the contract plans and specifications, herein approved, which could adversely affect service to any customer shall be subject to the prior approval of the Commission.

IT IS FURTHER ORDERED that the Utility be and it is hereby authorized to finance the proposed construction project by means of an FmHA Grant of \$726,000, and FmHA Loan of \$364,000, and Service Connection Fees of \$2,000. Further that this \$1,092,000 in project funds shall be used only for the lawful objects as set forth in the application.

IT IS FURTHER ORDERED that the Utility file with this Commission a duly verified document or documents which show the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within sixty (60) days of the date that construction is substantially completed.

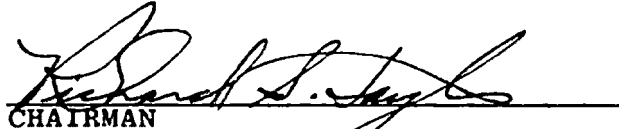
IT IS FURTHER ORDERED that the contract between the Utility and the Engineer shall require the Engineer to provide general engineering supervision and full-time resident inspection under his supervision to insure that the contractor's construction work conforms to the best construction practices and is done in accordance with the contract plans and specifications.

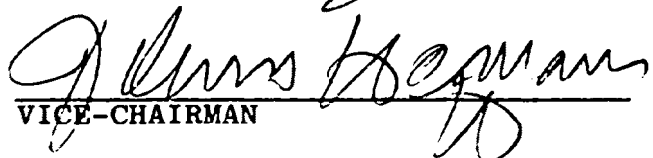
IT IS FURTHER ORDERED that the Utility shall require the Engineer, within sixty (60) days of substantial completion of the proposed construction, to furnish this Commission with a copy of the "As-Built Plans" and a certification that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

Nothing contained herein shall be deemed a warranty by the Commonwealth of Kentucky, or any agency thereof, of the financing herein authorized.

Done at Frankfort, Kentucky, this 25th day of April, 1980.

UTILITY REGULATORY COMMISSION


CHAIRMAN


VICE-CHAIRMAN


COMMISSIONER

ATTEST:

SECRETARY