

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE PETITION AND APPLICATION OF CANEY )  
CREEK WATER DISTRICT FOR CERTIFICATE OF ) CASE NO. 9087  
PUBLIC CONVENIENCE AND NECESSITY )

O R D E R

The Caney Creek Water District ("Caney Creek") filed an application on June 21, 1984, for authorization to construct an \$827,000 water and sewer improvements project and approval of its financing for this project. Caney Creek's financing includes a grant of \$200,000 from the Appalachian Regional Commission ("ARC") and a grant of \$627,000 from the U. S. Department of Housing and Urban Development ("HUD") to be administered by the Commonwealth of Kentucky, Department of Economic Development.

The purpose of the proposed construction is the improvement of flow and service reliability. No additional customers will be served by this construction. Drawings and specifications for the proposed improvements as prepared by Kennoy Engineers, Inc., of Lexington, Kentucky, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet. Construction bids were received November 11, 1983, and June 14, 1984.

### FINDINGS AND ORDERS

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

1. Public convenience and necessity require that the construction proposed in the application and record be performed and that a certificate of public convenience and necessity be granted.

2. The proposed construction consists of the drilling of a new well, the remodeling of the existing water treatment plant and the renovation of the existing sewage treatment plant. The low bids totaled \$433,835, which will require about \$827,000 after allowances are made for fees, contingencies and other indirect costs.

3. In the event Caney Creek determines that it desires to perform additional construction not expressly certificated by this Order, it should file a new application with the Commission requesting the necessary approvals.

4. Any deviations from the construction herein approved which could adversely affect service to any customer should be subject to the prior approval of this Commission.

5. The financing secured by Caney Creek for this project will be needed to pay for the work herein approved and recommended. Caney Creek's financing plan should, therefore, be approved.

6. Caney Creek should furnish 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 60 days of the date that construction is substantially completed.

7. Caney Creek's contract with its Engineer should require the provision of full-time resident inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering. This supervision and inspection should insure 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.

8. Caney Creek should require the Engineer to furnish a copy of the "as-built" drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

IT IS THEREFORE ORDERED that Caney Creek be and it hereby is granted a certificate of public convenience and necessity to proceed with the proposed construction project as set forth in the drawings and specifications of record herein.

IT IS FURTHER ORDERED that Caney Creek shall obtain approval from the Commission prior to performing any additional construction.

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

IT IS FURTHER ORDERED that Caney Creek's plan for financing its construction work in the amount of \$827,000 with grants from ARC and HUD be and it hereby is approved.

IT IS FURTHER ORDERED that Caney Creek shall file with the Commission duly verified documentation which shows the total costs of the construction herein certificated including all capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed.

IT IS FURTHER ORDERED that the contract between Caney Creek and its Engineer shall require the provision of full-time resident inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering. This supervision and inspection shall insure that the construction work is done in accordance with the contract plans and specifications and in conformance with the best practices of the construction trades involved in the project.

IT IS FURTHER ORDERED that Caney Creek shall require the Engineer to furnish this Commission with "as-built" drawings and a signed statement that the construction has been satisfactorily completed and has been done in accordance with the contract plans and specifications, within 60 days of the date of substantial completion of the proposed construction.

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

Done at Frankfort, Kentucky, this 7th day of August, 1984.

PUBLIC SERVICE COMMISSION

Richard D. Hemminger  
Chairman

Richard D. Hemminger  
Vice Chairman

Paul Shull  
Commissioner

ATTEST:

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Secretary