

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FLEMING COUNTY)
WATER ASSOCIATION, INC., A NON-)
PROFIT CORPORATION OF 205 COURT)
SQUARE, FLEMINGSBURG, FLEMING)
COUNTY, KENTUCKY 41041, FOR (1) A)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY, AUTHORIZING AND) CASE NO. 9250
PERMITTING SAID WATER ASSOCIATION)
TO CONSTRUCT ADDITIONAL WATER)
DISTRIBUTION SYSTEM LINES TO SERVE)
WATER TO 84 NEW MEMBERS OF THE)
ASSOCIATION; (2) APPROVAL OF THE)
PROPOSED PLAN OF FINANCING OF SAID)
PROJECT)

O R D E R

The Fleming County Water Association, Inc., ("Fleming Water") filed an application on December 27, 1984, for authorization to construct an \$800,000 water improvements project and approval of its financing for this project. Fleming Water's financing includes a grant of \$295,000 from the Appalachian Regional Commission ("ARC"), a grant of \$345,000 from the Farmers Home Administration ("FmHA"), an FmHA loan of \$146,000, and a local contribution of \$14,000 from applicants for service in the project area. The FmHA loan will be secured by a promissory note for a 40-year period at an interest rate of 7.375 percent per annum.

The proposed construction will provide service to 95 additional customers in the Maxey Flats area of Fleming

County, Kentucky. Drawings and specifications for the proposed improvements as prepared by Watkins and Associates, 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 May 24, 1985.

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 approximately 20 miles of 8-, 4- and 3-inch diameter pipelines and related appurtenances to serve 95 additional customers. The low bid totaled \$405,017, which will require about \$800,000 after allowances are made for fees, contingencies, other indirect costs and additional construction being considered.

3. Fleming Water should obtain approval from the Commission prior to performing any additional construction not expressly certificated by this Order.

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

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

6. Fleming Water 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. Said construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by this Commission.

7. Fleming Water'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. Fleming Water 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 Fleming Water 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 Fleming Water's plan for financing its construction work in the amount of \$800,000 with grants from ARC and FmHA and a loan from FmHA be and it hereby is approved.


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

IT IS FURTHER ORDERED that Fleming Water shall comply with all matters set out in Findings 4 through 8 as if the same were individually so ordered.

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 8th day of July, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary