

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY-AMERICAN)
WATER COMPANY FOR A CERTIFICATE)
OF PUBLIC CONVENIENCE AND NECES-)
SITY AUTHORIZING THE CONSTRUCTION) CASE NO. 9359
OF AN 8" DISTRIBUTION MAIN AND)
RELATED FACILITIES TO SERVE)
MIDWAY, KENTUCKY)

O R D E R

The Kentucky-American Water Company ("Kentucky-American") filed its application on June 7, 1985, for approval of a proposed waterworks improvement project in the amount of \$418,500. Kentucky-American proposes to finance the construction of the improvements by contributions from the City of Midway, other applicants for service, and a sum not to exceed \$199,000 to be funded by either internally generated funds or short-term bank borrowings. Construction bids have not been received for the proposed project.

The purpose of the proposed construction is the wholesale supply of potable water to the City of Midway, Kentucky, and the extension of retail water service to approximately 18 customers in the Davistown area of Woodford County, Kentucky. Construction drawings and specifications for the proposed improvements as prepared by Kentucky-American Water have been approved by the Division of Water

of the Natural Resources and Environmental Protection Cabinet.

On June 25, 1985, the Commission granted full intervention status to the Lexington-Fayette Urban County Government. A hearing was held July 18, 1985, in the offices of the Public Service Commission, Frankfort, Kentucky, on Kentucky-American's proposed construction to serve the City of Midway.

The Public Service 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 project includes construction of approximately 20,600 feet of 8-inch water distribution main connecting with existing facilities of Kentucky-American on Leestown Road near the Fayette-Scott County line. In addition, Kentucky-American proposes to connect the above 8-inch main and install approximately 1,750 feet of 6-inch water distribution main along Davistown Lane.

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

4. Kentucky-American should provide full-time resident inspection of the construction under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering. This supervision 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.

5. Kentucky-American should furnish to the Commission a copy of the "as-built" drawings and a signed statement by a professional engineer that the construction has been satisfactorily completed in accordance with the drawings and specifications, within 60 days of the date of substantial completion of this construction.

6. Kentucky-American's financing of \$199,000 of this project during the initial construction period may be by means of short-term loans. Kentucky-American should file with this Commission on a later date an application for authorization of permanent financing if such short-term loans are utilized and if required by KRS 278.300.

7. Kentucky-American should file with this Commission 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.

8. Nothing contained herein should be deemed to address the appropriate method of cost allocation or the appropriate rate structure for this particular wholesale customer.

IT IS THEREFORE ORDERED that Kentucky-American 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 approved.


IT IS FURTHER ORDERED that Kentucky-American shall comply with all matters set out in Findings 3 through 7 as if the same were individually so ordered.

IT IS FURTHER ORDERED that nothing contained herein shall be deemed to address the appropriate method of cost allocation or the appropriate rate structure for this particular wholesale customer.

Done at Frankfort, Kentucky, this 26th day of July, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

not participating
Commissioner

ATTEST:

Secretary