

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF THE COUNTY OF)
HARLAN, KENTUCKY, FOR APPROVAL OF) CASE NO. 9361
CONSTRUCTION AND FINANCING)

INTERIM ORDER

The County of Harlan, Kentucky, filed an application on June 10, 1985, for authorization to construct a waterworks improvements project to provide water to the Eastbrook Housing Development site and a sewer system project to serve the Eastbrook Housing Development and community of Coxton. The proposed improvements should provide water and sewer service to approximately 280 future residential units in the Eastbrook Housing Development and sewer service to 92 existing homes in the Coxton community. The construction proposed by Harlan County in this application is a portion of a \$4,414,836 major effort to provide housing sites and water and sewer service to the Eastbrook/Coxton area of Harlan County. The project will be funded by grants from the Farmers Home Administration, Appalachian Regional Commission, Soil Conservation Service, Kentucky Department of Transportation, Kentucky Department of Economic Development, and the Harlan County Fiscal Court. In addition, applicants for service will contribute \$3,300 toward the cost of the project. It is estimated that the

construction proposed in this application will require \$1,075,703. Bids have not yet been received for the proposed construction.

Drawings and specifications for the proposed improvements as prepared by Witt and Associates, Inc., of Lexington, Kentucky, and Mayes, Sudderth & Etheredge, Inc., of Lexington, Kentucky, ("Engineers") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet. This Interim Order will address the construction and funding of the proposed projects. A subsequent Order will address the matter of initial rates. Before a rate Order can be entered, additional information concerning the operation of the utility must be filed with this Commission.

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

1. The establishment of water and sewage service rates was not requested in the application and is not addressed herein; however, the granting of a certificate to Harlan County should be conditioned upon compliance with the Commission's filing requirements for the establishment of an initial rate within 12 months of the date of this Order.

2. 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.

3. The construction includes approximately 10,560 feet of 8-inch water main, 11,150 feet of 8-inch sanitary sewers, 2,830

feet of 3-inch sewer force main, a 150,000 gallons-per-day sewage treatment plant and miscellaneous appurtenances thereto.

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

5. The financing secured by Harlan County for these projects will be needed to pay for the work herein approved. Harlan County's financing plan should, therefore, be approved.

6. Harlan County should furnish duly verified documentation of the total cost of these projects 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 and Sewer Utilities prescribed by this Commission.

7. Harlan County's contract with its Engineers should require the provision of construction 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. Harlan County should require the Engineers to furnish a copy of the record 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 Harlan County shall comply with the Commission's filing requirements for establishment of initial rates within 12 months of the date of this Order and that the granting of a certificate to Harlan County is conditioned upon its compliance herewith.

IT IS FURTHER ORDERED that Harlan County be and it hereby is granted a certificate of public convenience and necessity to proceed with the waterworks improvements and sewer system projects set forth in the drawings and specifications of record herein.

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

IT IS FURTHER ORDERED that Harlan County's plan for financing its construction work in the amount of \$1,075,703 be and it hereby is approved.

IT IS FURTHER ORDERED that Harlan County shall file with the Commission duly verified documentation which shows the total costs of construction herein certificated including all capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Said construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water and Sewer Utilities prescribed by this Commission.

IT IS FURTHER ORDERED that the contract between Harlan County and its Engineers shall require the provision of

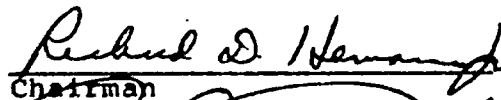
construction inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering. This supervision and inspection shall insure that the construction work is done in accordance with the contract plans and specifications and in conformance with the best practices of the construction trades involved in the project.

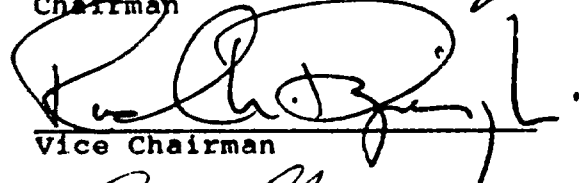
IT IS FURTHER ORDERED that Harlan County shall require the Engineers to furnish to the Commission a copy of the record drawings and a signed statement that the construction has been satisfactorily completed and done in accordance with the contract plans and specifications within 60 days of the date of 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 26th day of July, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary