

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SPEARS WATER )  
COMPANY, INC., FOR A CERTIFICATE ) CASE NO. 9421  
OF CONVENIENCE AND NECESSITY )

O R D E R

The Spears Water Company, Inc., ("Spears") filed an application on September 6, 1985, for authorization to construct a \$53,630 water improvements project.

Spears proposes to finance this project with funds obtained with "Letters of Credit" from the Farmers Bank of Nicholasville, Kentucky, and the First National Bank and Trust Company of Nicholasville, Kentucky. It is the intention of Spears to repay in full any funds obtained with these "Letters of Credit" within 2 years. The Commission apprises Spears that KRS 278.300(8) states in part that renewal of short-term financing can not exceed six years from the date of original issue.

The proposed construction should improve service to existing customers in the Ash Grove Road area of Jessamine County, Kentucky. Drawings and specifications for the proposed improvements as prepared by Horne Engineering, Inc., of Nicholasville, Kentucky, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

### CONTINUITY OF ADEQUATE AND RELIABLE SERVICE

Spears' Engineer has testified that reliable and adequate service can be maintained in the Ash Grove Road area after completion of the proposed construction. The Commission is concerned, however, that Spears' service to its customers on the existing 2-inch lines in the Ash Grove Road area may not be totally adequate in the long term.

The Commission reminds Spears of its obligation to provide adequate and reliable service to all of its customers. Spears should monitor the adequacy of its water distribution system after construction. If this monitoring indicates that the level of service is inadequate or declining, Spears must take necessary actions to maintain the level of service in conformance with the regulations of the Commission.

### 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 7,550 feet of 6- and 2-inch diameter pipelines, and related appurtenances to improve water service to existing customers in the Ash Grove Road area. The low bid totaled \$45,630,

which will require about \$53,630 after allowances are made for fees, contingencies, and other indirect costs. Spears intends to repay in full any funds within 2 years and as such is not seeking Commission approval of the proposed financing.

3. Spears 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. Spears 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.

6. Spears' 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.

7. Spears 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:

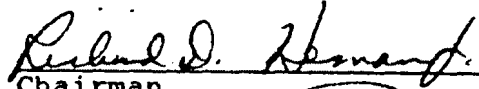
1. Spears be and it hereby is granted a certificate of public convenience and necessity to proceed with the proposed construction project as set forth in the drawings and specifications of record herein.

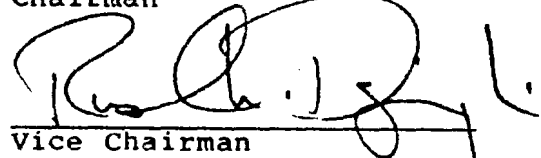
2. Spears shall comply with all matters set out in Findings 3 through 7 as if the same were individually so ordered.

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 6th day of February, 1986.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary