

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF BOONE COUNTY )  
WATER AND SEWER DISTRICT (SEWER )  
DIVISION) AND SANITATION DISTRICT )  
NO. 1 OF CAMPBELL AND KENTON )  
COUNTIES FOR A CERTIFICATE OF ) CASE NO. 9495  
PUBLIC CONVENIENCE AND NECESSITY )  
TO CONSTRUCT APPROXIMATELY 12,800 )  
FEET OF GRAVITY SEWER LINE AS )  
DESCRIBED IN THIS APPLICATION )

O R D E R

The Boone County Water and Sewer District ("Boone") and the Sanitation District No. 1 of Campbell and Kenton Counties ("Campbell-Kenton") filed a joint application on January 17, 1986, for approval of a sewer extension project in the amount of \$479,000. The project financing includes a Community Development Block Grant of \$350,000 to the Boone County Fiscal Court and \$129,000 from Campbell-Kenton's reserved construction fund.

The purpose of the proposed construction is to provide sewage treatment services to the proposed manufacturing facilities of Duro Paper Bag Company ("Duro") near Richwood, Kentucky. Construction drawings and specifications for the proposed improvements as prepared by Cardinal Engineering of Covington, Kentucky, have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

### REVENUE REQUIREMENTS

Boone and Campbell-Kenton have not proposed any rates for the proposed facilities as part of the application. It is not apparent from the information provided whether the currently approved rates on file with the Commission will be the proposed rates for the facilities served by the construction approved herein. Without full knowledge of rates, it is difficult to determine the economic feasibility of the system; however, the Commission will herein approve the construction as requested. The Commission is placing certain filing requirements upon Boone and Campbell-Kenton as set forth in the findings and orders of this Order so that a proper financial analysis may be made.

### FINDINGS AND ORDERS

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 12,800 feet of 18- and 15-inch gravity sewer line to connect Duro's proposed manufacturing facilities to Campbell-Kenton's existing sewage collection and treatment system. Upon completion of construction Boone will own and

maintain approximately 1,800 feet of sewer line located in Boone County and Campbell-Kenton will own and maintain approximately 11,000 feet of sewer line located in Kenton County.

3. The low bids received for the proposed construction totaled \$356,957, which will require about \$479,000 in project funding after allowances are made for fees, contingencies, and other indirect costs.

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

5. Boone and Campbell-Kenton 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.

6. Boone and Campbell-Kenton 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 50 days of the date of substantial completion of this construction.

7. The financing secured by Boone and Campbell-Kenton for this project will be needed to pay for the work herein approved. Boone and Campbell-Kenton's financing plan should, therefore, be approved.

8. Boone and Campbell-Kenton 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.

9. Boone and Campbell-Kenton should file for approval of proposed rates with cost justification for the facilities served by the construction approved herein, 90 days prior to the expected implementation of those rates with the Commission.

10. Boone and Campbell-Kenton should file their proposed accounting treatment for the utility plant with full explanations and calculations within 60 days of the date of this Order.

IT IS THEREFORE ORDERED that:

1. Boone and Campbell-Kenton be and they hereby are 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.

2. Boone and Campbell-Kenton shall comply with all matters set out in Findings 3 through 8 as if the same were individually so ordered.

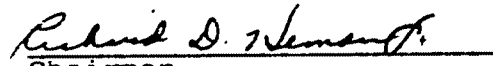
3. Boone and Campbell-Kenton shall file for approval of proposed rates with cost justification for the facilities served by the construction approved herein, 90 days prior to the expected implementation of those rates with the Commission.

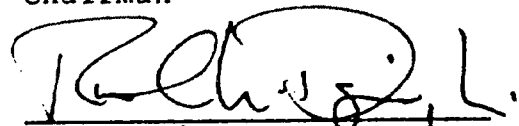
4. Boone and Campbell-Kenton shall file their proposed accounting treatment for the utility plant with full explanations and calculations within 60 days of the date of this Order.

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 29th day of January, 1986.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary