

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HARDIN COUNTY)
WATER DISTRICT NO. 1 FOR COMMISSION)
AUTHORIZATION OF A CERTIFICATE OF) CASE NO. 9985
PUBLIC CONVENIENCE AND NECESSITY)
AND APPROVAL FOR CONSTRUCTION)

O R D E R

On July 31, 1987, Hardin County Water District No. 1 ("Hardin No. 1") filed an application for approval to construct a water storage tank. Hardin No. 1 also requested the reopening of Case No. 9705 wherein it had sought Commission approval to issue securities and construct certain water facilities. The Commission entered an Order on August 7, 1987, finding that the request be treated as a Motion and be allowed except that a new case should be established and the entire record of Case No. 9705 should be incorporated therein by reference.

Hardin No. 1 is seeking authorization to construct a \$345,600 waterworks improvement project, and approval of its plan of financing for this project. The project funding consists of a \$215,000 Community Development Block Grant ("CDBG") and \$130,600 in short term financing.

The proposed construction will consist of a water storage tank in the Hardin County community of Longview. Drawings and specifications for the proposed improvements by GRW Engineers,

Inc., of Lexington, Kentucky, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

USEFULNESS OF PROPOSED TANK

Hardin No. 1 proposes to construct a 1.2 million-gallon capacity ground water storage tank at Longview, adjacent to the existing water storage tanks of both Hardin No. 1 and Hardin County Water District No. 2. The technical data filed in this case indicates that the proposed water storage tank will not provide demonstrable benefit to the existing water distribution system of Hardin No. 1 or to its customers. The Engineer stated that the tank would not be able to effectively function hydraulically until after the construction of over \$3 million in future improvements to Hardin No. 1's transmission and distribution system. The Commission will approve the proposed construction with the expressed understanding that future construction will render the water storage tank "used and useful."

FINDINGS AND ORDERS

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

1. Public convenience and necessity require that the construction proposed be performed and that a certificate of public convenience and necessity be granted.
2. The proposed construction consists of a 1.2 million-gallon water storage tank and related appurtenances. The low bid

totalled \$276,700 but the total cost will be about \$345,600 after allowances are made for fees, contingencies, and other indirect costs.

3. Hardin No. 1 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 done only with the prior approval of the Commission.

5. Hardin No. 1 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.

6. Hardin No. 1'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 should ensure that the construction work is done in accordance with the contract drawings and specifications and conforms with the best practices of the construction trades involved in the project.

7. Hardin No. 1 should require the Engineer, within 60 days of the substantial completion of this construction, to furnish a

copy of the "as-built" drawings and a signed statement that the project has been satisfactorily completed in accordance with the contract plans and specifications.

8. The financing plan proposed by Hardin No. 1 is for lawful objects within the corporate purpose of its utility operations, is necessary and appropriate for and consistent with the proper performance of its service to the public and will not impair its ability to perform that service and should, therefore, be approved.

9. The financing secured by Hardin No. 1 for this project will be needed to pay for the work herein approved. Hardin No. 1's financing plan should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Hardin No. 1 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.

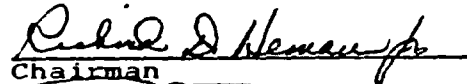
2. Hardin No. 1's financing plan consisting of \$215,000 in CDBG funds and \$130,600 in short term financing be and it hereby is approved.

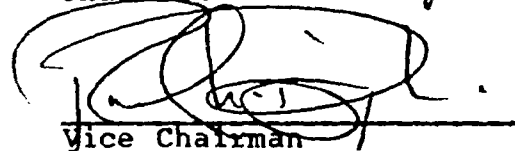
3. Hardin No. 1 shall comply with all matters set out in Findings 3 through 7 as if the same were individually so ordered.

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 17th day of September, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director