

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTON COUNTY WATER)
DISTRICT NO. 1 FOR APPROVAL OF PROJECT)
I, PHASE 1, 10-INCH AND 12-INCH MAIN -) CASE NO. 10079
KYLE'S LANE AND HIGHLAND AVENUE)

O R D E R

Kenton County Water District No. 1 ("Kenton No. 1") by application filed November 6, 1987, is seeking authorization to construct a \$201,000 waterworks improvement project and approval of its plan of financing for this project. Kenton No. 1 proposes to fund the construction with a Bond issue approved in Case No. 9846, Application of Kenton County Water District No. 1 (A) To Issue Revenue Bonds in the approximate amount of \$21,930,000, (B) To Construct Additional Plant Facilities of approximately \$19,214,000; and (C) Notice of Adjustment of Rates effective May 1, 1987.

The proposed construction will relocate waterlines due to impending highway construction. Drawings and specifications for the proposed improvements by Viox and Viox, P.S.C., Consulting Engineers and Surveyors, of Erlanger, Kentucky, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

CONTINUITY OF ADEQUATE AND RELIABLE SERVICE

The evidence indicates that reliable and adequate service can be maintained throughout the expanded system after completion of the proposed construction. However, there are several areas which could have pressure above 150 psig, in violation of 807 KAR 5:066, Section 6 (1).

The Commission reminds Kenton No. 1 of its obligation to provide adequate and reliable service to all of its customers. Kenton No. 1 should monitor the adequacy of the expanded water distribution system after construction. If this monitoring indicates that the level of service is inadequate or declining, or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 6 (1), Kenton No. 1 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 evidence of record, and being advised, is of the opinion and finds that:

1. With the appropriate monitoring of service to potential high pressure areas, public convenience and necessity require that the construction proposed in the application be performed and that a certificate of public convenience and necessity be granted.

2. The proposed construction consists of approximately .57 miles of 12-, 10-, 8-, 6-, and 4-inch water lines and related appurtenances. The low bids totaled \$171,678 which will require about \$201,000 after allowances are made for fees, contingencies, and other indirect costs.

3. Kenton No. 1 should monitor the adequacy of the expanded water distribution system after construction. If the level of service is inadequate or declining, or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 6 (1), Kenton No. 1 should take immediate action to maintain the level of service in conformance with the regulations of the Commission.

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. Kenton 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 prescribed by the Commission.

6. Kenton No. 1's contract with its Engineer should require the provision of construction inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure 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. Kenton No. 1 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.

8. The financing plan proposed by Kenton No. 1 is for lawful objects within its corporate purposes, 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 these services. The financing plan is reasonably necessary and appropriate for such purposes and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Kenton 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 on the condition that the potential high pressure areas be monitored and corrective action taken in accordance with Finding Number 1 and Finding Number 3 of this Order.

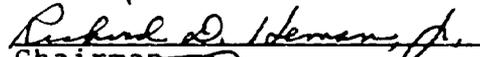
2. Kenton No. 1's financing plan consisting of a Bond issue approved in Case No. 9846 be and it hereby is approved.

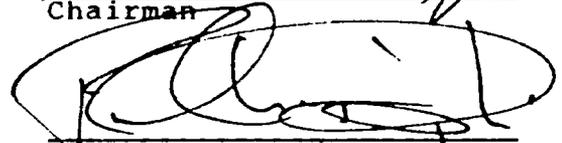
3. Kenton No. 1 shall comply with all matters set out in Findings 3 through 7 as if the same were individually so ordered.

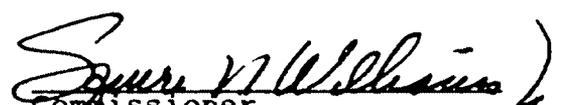
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein authorized.

Done at Frankfort, Kentucky, this 12th day of November, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director