

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BEREA COLLEGE )  
WATER UTILITY, A DEPARTMENT OF BEREA )  
COLLEGE, FOR A CERTIFICATE OF )  
CONVENIENCE AND NECESSITY AUTHORIZING ) CASE NO. 89-035  
THE CONSTRUCTION OF WATER SYSTEM )  
IMPROVEMENTS )

O R D E R

On February 21, 1989, Berea College Water Utility ("Berea Water") filed an application for a Certificate of Public Convenience and Necessity to construct a \$5,300,000 waterworks improvement project. Project funding includes a bond issue approved by the Commission in Case No. 10270<sup>1</sup> and short-term loans.

The proposed project will construct a new water treatment plant and other associated improvements. Drawings and specifications for the proposed improvements prepared by Howard K. Bell Consulting Engineers, Inc., of Lexington, Kentucky, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

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<sup>1</sup> Case No. 10270, Application of Berea College Water Utility, a Department of Berea College, for a Certificate of Convenience and Necessity Authorizing the Construction of Water System Improvements and Approval of Financing.

## CONTINUITY OF ADEQUATE AND RELIABLE SERVICE

The Engineer has filed information that indicates that reliable and adequate service can be maintained throughout the expanded system after completion of the proposed construction. The Commission reminds Berea Water of its obligation to provide adequate and reliable service to all of its customers. Berea Water should monitor the adequacy of the expanded water distribution system after construction.

## 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 system-wide, public convenience and necessity require the construction proposed in Berea Water's application. A Certificate of Public Convenience and Necessity should be granted.

2. The proposed construction consists of a three million gallon per day water treatment plant, a three million gallon water storage tank, associated raw and finished water pipelines, and related appurtenances. The low bids totaled \$4,225,781, which will require about \$5,300,000 after allowances are made for fees, contingencies, and other indirect costs.

3. Berea Water 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), Berea Water 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. Berea Water should obtain approval from the Commission prior to performing any additional construction not expressly certificated by this Order.

6. Berea Water should furnish proof of the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) to the Commission 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.

7. Berea Water'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, 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.

8. Berea Water should require the Engineer to furnish to the Commission within 60 days of the date of substantial completion of this construction 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.

IT IS THEREFORE ORDERED that:

1. Berea Water 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 service levels be monitored and corrective action taken in accordance with Finding 1 and Finding 3 of this Order.

2. Berea Water shall comply with all matters set out in Findings 4 through 8 as if the same were individually so ordered.

Done at Frankfort, Kentucky, this 18th day of May, 1989.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Executive Director