

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE MCCREARY COUNTY)	
WATER DISTRICT, FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY)	
AUTHORIZING IT TO EXTEND ITS WATER)	CASE NO. 89-369
LINE AND SERVICES INTO THE RATTLESNAKE)	
RIDGE AREA)	

O R D E R

By application filed December 7, 1989, McCreary County Water District ("McCreary Water") is seeking authorization to construct a waterworks project and approval of its financing for the proposed project. Project funding includes an Abandoned Mine Lands ("AML") grant from the Natural Resources and Environmental Protection Cabinet of \$723,625 and interim financing by McCreary Water of \$272,300 which will be reimbursed by Farmers Home Administration.

The proposed construction will provide service to approximately 127 new customers. Plans and specifications prepared by Kenvirons, Inc., of Frankfort, Kentucky ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Public convenience and necessity require 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 15.5 miles of 10-, 6-, 4-, and 3-inch diameter pipelines, a 50,000-gallon water storage tank, 127 service connections, and related appurtenances. The low bids totaled \$920,422; after allowances are made for fees, contingencies, and other indirect costs, the construction will require approximately \$1,120,425.

IT IS THEREFORE ORDERED that:

1. McCreary 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 the Commission's Orders herein.

2. McCreary Water shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining, McCreary Water should take immediate action to maintain the level of service in conformance with the regulations of the Commission.

3. McCreary Water shall 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 shall be undertaken only with the prior approval of the Commission.

5. McCreary Water shall furnish duly verified documentation of the total costs 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 shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

6. McCreary Water's contract with its Engineer shall 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.

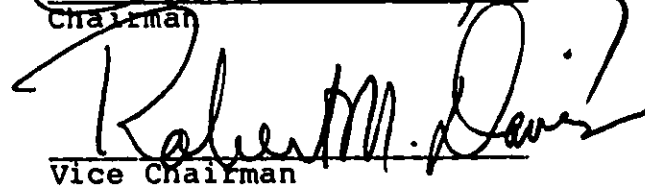
7. McCreary Water shall require the Engineer to furnish within 60 days of the date of substantial completion of this construction a copy of the "as-built" drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

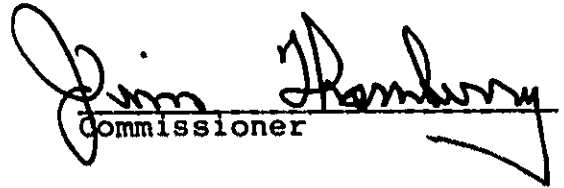
8. A 5/8-inch x 3/4-inch meter shall be the standard customer service meter for all new customers and should be installed at all points of service unless the customer provides sufficient justification for the installation of a larger meter.

Done at Frankfort, Kentucky, this 7th day of March, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director