

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF JACKSON COUNTY)	
WATER ASSOCIATION FOR A CERTIFICATE OF)	CASE NO.
PUBLIC CONVENIENCE AND NECESSITY, AND)	93-120
FOR ORDERS APPROVING AN ADJUSTMENT IN)	
WATER RATES AND CONSTRUCTION FINANCING)	

O R D E R

By application filed April 21, 1993, Jackson County Water Association ("Jackson Water") is seeking authorization to construct a \$1,858,645 waterworks improvement project, for approval of its plan of financing for this project, and adjustment of rates. Project funding includes a Kentucky Infrastructure Authority ("KIA") loan in the amount of \$1,795,395 and \$63,250 from applicants for service in the proposed area. The loan will be for a 20-year period at a projected interest rate of 2.45 percent. The actual interest rate is to be determined at the time of closing.

The proposed construction will provide water service to about 353 new residential customers. Plans and specifications for the proposed improvements 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 Staff performed a limited financial review of Jackson Water's operations and prepared a Staff Report containing findings and recommendations regarding the proposed rates. All parties were served copies of the Staff Report and by letter dated

September 28, 1993 advised the Commission that they accepted the Staff Report's findings and recommendations and had no further comment.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, 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 40 miles of 10-, 8-, 6-, 4-, and 3-inch diameter pipelines, two water storage tanks, one booster pump station, and related appurtenances. Based upon the low bids submitted, and after allowances are made for fees, contingencies, other indirect costs, the total cost of this project is approximately \$1,858,645.

3. Jackson Water should monitor the adequacies 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 5(1), Jackson Water should take immediate action to maintain the level of service in conformance with the regulations of the Commission.

4. Jackson Water should obtain approval from the Commission prior to performing any additional construction not expressly certificated by this Order.

5. Any deviation from the construction approved should be undertaken only with the prior approval of the Commission.

6. Jackson Water should 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 should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

7. Jackson Water 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.

8. Jackson Water should 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.

9. The financing plan proposed by Jackson Water is for lawful objects within the corporate purpose of its utility operations, is necessary and appropriate for and consistent with the proper performance of the utility's service to the public and will not impair its ability to perform that service, and is

reasonably necessary and appropriate for such purpose. It should, therefore, be approved.

10. The engineering information submitted indicates that Jackson Water is proposing to install six fire hydrants as part of this project. Commission Regulation 807 KAR 5:066, Section 10(2b), states in part that "[f]ire hydrants may be installed by a utility only if: a. A professional engineer with a Kentucky registration has certified that the system can provide a minimum fire flow of 250 gallons per minute; and b. The system supporting this flow has the capability of providing this flow for a period of not less than two (2) hours plus consumption at the maximum daily rate." Based on this regulation, the proposed fire hydrants installation must be deleted from the project unless certification in accordance with the regulation can be provided.

IT IS THEREFORE ORDERED that:

1. The findings and conclusions contained in the Staff Report are hereby approved.

2. Jackson 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 the proposed six fire hydrants be deleted and service levels be monitored and corrective action taken in accordance with Commission regulations.

3. Jackson Water's financing plan consisting of a \$1,795,395 loan from KIA and a contribution from the applicants for service of \$63,250 is hereby approved. The financing herein approved shall be

used only for the lawful purposes specified in Jackson Water's application.

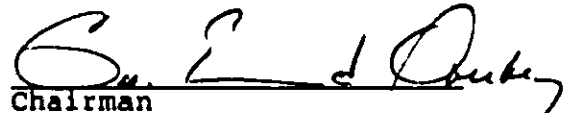
4. Jackson Water shall comply with all matters set out in Findings 3 through 8 and 10 as if the same were individually so ordered.

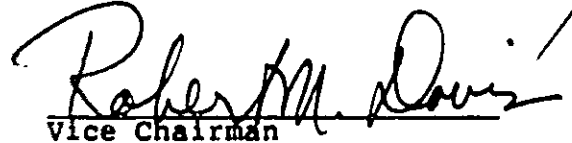
5. The rates in Appendix A to this Order, which is attached hereto and incorporated herein, be and they hereby are approved for service rendered on and after the date of this Order.

6. Within 30 days of the date of this Order, Jackson Water shall file its revised tariff setting out the charges approved herein.

Done at Frankfort, Kentucky, this 30th day of September, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 93-120 DATED September 30, 1993.

The following rates and charges are prescribed for the customers in the area served by Jackson County Water Association. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly Rates

5/8" x 3/4" Meter

First 1,000 gal.	\$10.00 (Min. Bill)
Next 4,000 gal.	3.90 per 1,000 gallons
Next 5,000 gal.	3.15 per 1,000 gallons
Next 10,000 gal.	2.55 per 1,000 gallons
Over 20,000 gal.	1.90 per 1,000 gallons

1" Meter

First 5,000 gal.	\$25.60 (Min. Bill)
Next 5,000 gal.	3.15 per 1,000 gallons
Next 10,000 gal.	2.55 per 1,000 gallons
Over 20,000 gal.	1.90 per 1,000 gallons

1 1/2" Meter

First 10,000 gal.	\$41.35 (Min. Bill)
Next 10,000 gal.	2.55 per 1,000 gallons
Over 20,000 gal.	1.90 per 1,000 gallons

2" Meter

First 20,000 gal.	\$66.85 (Min. Bill)
Over 20,000 gal.	1.90 per 1,000 gallons

Truck Sales

\$2.00 per 1,000 gallons