

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTHERN ROCKCASTLE)	
COUNTY WATER DISTRICT, INC. OF ROCKCASTLE)	
COUNTY, KENTUCKY, FOR ORDER APPROVING)	CASE NO.
CERTIFICATE OF PUBLIC CONVENIENCE AND)	95-083
NECESSITY, FINANCING PLAN, CONSTRUCTION)	
AND PROPOSED WATER SERVICE RATES)	

O R D E R

Northern Rockcastle County Water District ("Northern Rockcastle") filed its application on May 8, 1995 for a Certificate of Public Convenience and Necessity to construct a \$455,226 waterworks improvement project, for approval of financing, and for an adjustment to its retail rates. This project will make water distribution system improvements as well as provide additional water storage capacity. Funding for the proposed project includes a \$265,226 loan from the Kentucky Infrastructure Authority ("KIA") and a \$190,000 Community Development Block Grant ("CDBG").

Northern Rockcastle now moves for an Interim Order which grants a Certificate of Public Convenience and Necessity for the construction of water main replacements, a booster pump station, and a water storage tank. As grounds for its motion, Northern Rockcastle states that it has received favorable bids for the construction project, which will expire on May 13, 1995.

This Order will address the construction and financing portion of the application. By subsequent Order in this case, the Commission will address the rates necessary to provide the utility

with an opportunity to recover its reasonable operating costs, service its debt and provide a reasonable surplus for equity growth.

After review of the evidence of the record and being otherwise sufficiently advised, the Commission finds that:

1. Due to the age of the original PVC lines, variation in pressure due to topography and fluctuating supply as well as inferior construction methods, Northern Rockcastle proposes to construct water main replacements, a pump station, and a water storage tank to be located at Rockcastle County, Kentucky.

2. Drawings and specifications for the proposed construction were prepared by CMW, Inc. ("Engineers") and have been approved by the Division of Water, Kentucky Natural Resources and Environmental Protection Cabinet.

3. Public convenience and necessity require that the construction identified in Northern Rockcastle's application be performed and that a Certificate of Public Convenience and Necessity be granted.

4. The financing plan proposed by Northern Rockcastle is for lawful objects within the corporate purpose of its utility operation, 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 reasonable necessary and appropriate for such purpose. It should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Northern Rockcastle's motion for an Interim Order is granted.

2. Northern Rockcastle 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.

3. Northern Rockcastle shall 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), Northern Rockcastle shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

4. Northern Rockcastle shall only install fire hydrants in those instances where the installation complies with the requirements of 807 KAR 5:066, Section 10(2)(b).

5. Northern Rockcastle shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

6. Any deviation from the construction approved shall be undertaken only with the prior approval of the Commission.

7. Northern Rockcastle shall furnish 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. Construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

8. Northern Rockcastle shall require construction to be inspected 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.

9. Northern Rockcastle shall furnish, within 60 days of the date of substantial completion of this construction, a copy of "as-built" drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

10. The financing plan proposed by Northern Rockcastle be and it hereby is approved.

11. Nothing contained herein shall be construed as constituting approval of any other portion of Northern Rockcastle's application.

12. Northern Rockcastle's application for adjustments to retail rates is continued generally.

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

Done at Frankfort, Kentucky, this 11th day of May, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director