

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY-AMERICAN)
WATER COMPANY FOR A CERTIFICATE OF)
CONVENIENCE AND NECESSITY AUTHORIZING)
THE CONSTRUCTION OF ADDITIONAL) CASE NO. 99-299
RESIDUALS PROCESSING FACILITIES AT THE)
KENTUCKY RIVER STATION)

O R D E R

By application filed August 12, 1999, Kentucky-American Water Company (Kentucky-American) is seeking authorization to construct a \$4,102,967 waterworks improvement project. Project funding includes \$4,102,967 in Kentucky-American funds and short-term notes. The proposed project includes the construction of a new mechanical dewatering building containing two 2.8 meter belt filter presses, a polymer system, gravity thickeners, wash water waste and solids feed pumps, and related appurtenances. The existing four sludge lagoons are no longer sufficient to properly handle the quantity of residuals generated due to the inadequate storage time for drying. Plans and specification for the proposed improvement prepared by Montgomery Watson Americas, Inc. of Cleveland, Ohio, have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. The proposed construction consists of the construction of a new mechanical dewatering building containing two 2.8 meter belt filter presses, a polymer system, gravity thickeners, wash water waste and solids feed pumps, and related appurtenances. The total construction cost for this project is approximately \$4,102,967.

2. The Division of Waste Management, Department for Environmental Protection, Natural Resources and Environmental Protection Cabinet of the Commonwealth of Kentucky has required that the concentration of solids in the residuals be increased to at least 20 percent before beneficial reuse. Adequate space is not available to expand the existing lagoon system to accomplish this requirement. Under the circumstances, the proposed construction is a reasonable alternative to increase the concentration of solids in the residuals to the at least 20 percent level.

3. Kentucky-American should obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

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

5. Kentucky-American should 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.

6. Kentucky-American should require construction to be inspected under the general supervision of a professional engineer with the Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawing and specifications and in conformance with the best practices of the construction trades involved in the project.

7. Kentucky-American should file a copy of the as-built drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications with 60 days of the substantial completion of the construction certificated herein.

8. Kentucky-American proposes to finance the proposed waterworks project with \$4,102,967 in Kentucky-American funds and short-term notes.

IT IS THEREFORE ORDERED that:

1. Kentucky-American is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Kentucky-American shall comply with the requirements contained in Findings 3 through 7 as if the same were individually so ordered.

Done at Frankfort, Kentucky, this 15th day of September, 1999.

By the Commission

ATTEST:

Executive Director