

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH 641 WATER)	
DISTRICT FOR CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY FOR SEWER)	CASE NO. 2010-00240
IMPROVEMENT CONSTRUCTION PROJECT:)	
SANITARY SEWER REHABILITATION)	

ORDER

South 641 Water District ("South 641") has applied to the Commission for a Certificate of Public Convenience and Necessity to rehabilitate their existing sanitary sewer collection system. Having considered the application and the evidence of record and being advised, the Commission finds that:

1. South 641 Water District, a water district organized pursuant to KRS Chapter 74, owns and operates sewage collection and treatment facilities in Calloway County, Kentucky that provide sewage collection and treatment service to approximately 274 customers.¹

2. South 641 Water District's principal treatment facility is a 300,000 gallon-per-day sewage treatment plant that was constructed in 1956.

3. On March 30, 2010, South 641 was granted a Certificate of Public Convenience and Necessity to proceed with the first phase of a two-phase project in

¹ *Annual Report of South 641 Water District to the Public Service Commission of Kentucky for the Calendar Year Ended December 31, 2009* at 8.

4. Phase I consisted of improvements to the existing wastewater treatment plant and construction of a lift station. Phase II will involve the repair and rehabilitation of sewer collection mains to reduce inflow and infiltration.

5. On July 27, 2007, the Kentucky Department for Environmental Protection, Division of Water ("DOW") issued a Notice of Violation against South 641 because discharge monitoring reports indicated a fecal coliform excursion.

6. On August 29, 2008, the DOW issued a notice of violation against South 641 Water District because effluent exceeded certain parameters set forth in its Kentucky Pollutant Discharge Elimination System Permit.

7. The DOW has directed South 641 to make improvements to its existing sewage collection and treatment facilities.

8. The Phase II Sanitary Sewer Rehabilitation Project includes the rehabilitation of approximately 5,150 lineal feet of 8-inch diameter sanitary sewers using cured-in-place pipe rehabilitation methods, six gravity sewer point repairs, and installing a cementitious lining on approximately 18 manhole walls. An additional 6,470 lineal feet of gravity mains will have closed-circuit television inspection and cleaning.

9. South 641 estimates the total cost of the Phase I Improvements, including the cost of construction, design and inspection fees and contingencies, will be \$427,018.27. The total cost of Phase II Improvements is estimated to be \$472,281.73.

² Case No. 2009-00349, Application for a Certificate of Public Convenience and Necessity of South 641 Water District Sewer Wastewater Treatment Plant Improvements and Lift Station Construction (Ky. PSC Mar. 30, 2010).

South 641 estimates the total cost of all improvements, when administration fees related to the project funding for both phases are included, to be \$940,600.³

10. South 641 will fund the cost of the construction with a Community Development Block Grant of \$440,000,⁴ an Environmental Protection Agency Grant of \$240,600,⁵ and appropriations of \$260,000 from the Kentucky General Assembly.⁶

11. The DOW has accepted the plans and specifications for South 641's sanitary sewer rehabilitation project but determined that a permit was not needed because the nature of the project is considered maintenance only.

12. The proposed facilities will not result in a wasteful duplication of plant, equipment, property or facilities.

13. The proposed facilities will not compete with the facilities of other utilities operating in the same area and under the Commission's jurisdiction.

14. The public convenience and necessity require construction of the proposed Phase II Improvements.

³ Letter from Hillis Farris to Jeff Derouen (dated Aug. 17, 2010).

⁴ Press Release, Governor's Office for Local Development, Hazel Awarded Grant for Sewer Rehabilitation Project (May 29, 2008), <http://migration.kentucky.gov/Newsroom/gold/hazel+wwtp.htm> (last visited Mar. 18, 2010).

⁵ http://yosemite.epa.gov/oarm/igms_egf.nsf/52f35d81cc937e5e85256fb6006df28e/5d0e7467f1ce5362852575ed004eeefa!OpenDocument (last visited Mar. 18, 2010).

⁶ 2006 Ky. Acts Ch. 252; 2008 Ky. Acts Ch. 191.

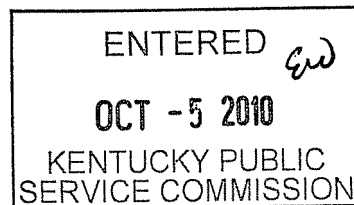
IT IS THEREFORE ORDERED that:

1. South 641 is granted a Certificate of Public Convenience and Necessity to proceed with the Phase II Improvements as set forth in the plans and specifications of record herein.
2. South 641 shall notify the Commission prior to performing any additional construction not expressly authorized in this Order.
3. Any deviation from the construction approved shall be undertaken only with the prior approval of the Commission.
4. South 641 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.
5. South 641 shall require construction to be inspected under the general supervision of a licensed 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.
6. South 641 shall notify the Commission in writing seven days prior to the actual commencement of the proposed construction and when 50 percent of the proposed construction is completed.

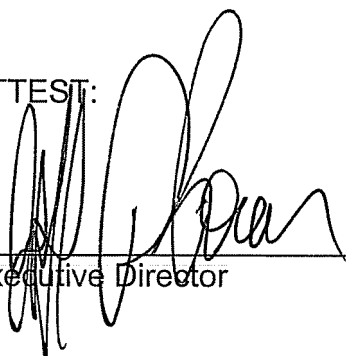
7. South 641 shall file a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the approved construction.

8. Subject to the filing of timely petition for rehearing pursuant to KRS 278.400, these proceedings are closed. The Executive Director shall place any future filings in the utility's general correspondence file or shall docket the filing as a new proceeding.

By the Commission



ATTEST:



Executive Director

Sheila James
General Manager
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