

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE MOUNTAIN WATER DISTRICT)	
FOR THE ISSUANCE OF A CERTIFICATE OF PUBLIC)	
NECESSITY TO CONSTRUCT AND FINANCE A SEWER)	CASE NO.
SYSTEM IMPROVEMENTS PROJECT PURSUANT TO)	2017-00150
THE PROVISIONS OF KRS 278.020, KRS 278.300,)	
807 KAR 5:001 AND 807 KAR 5:071)	

ORDER

Mountain Water District ("Mountain Water") has applied for rehearing of portions of the Commission's June 12, 2017 Order that, among other things, granted Mountain Water a Certificate of Public Convenience and Necessity ("CPCN") to construct a sewer system improvements project and approved the issuance of securities to finance a portion of the project. Mountain Water's Motion for Rehearing ("Motion") requests the elimination of a provision in the June 12, 2017 Order that requires the construction to be inspected under the general supervision of a licensed professional engineer, modification of filing deadlines for information concerning the project, and the elimination of a provision that requires "as-built" drawings.

Ordering paragraph 4 of the June 12, 2017 Order states:

Mountain Water 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.

Mountain Water states that the construction approved by the Commission's June 12, 2017 Order "involves the acquisition of residential grinder pump units for installation within the [Mountain Water] force main system."¹ Thus, per Mountain Water, there are "no contract drawings and specifications" and there will be "no actual construction to be inspected."² Mountain Water adds that its own employees will install the grinder pumps.³

The Commission finds that the installation of the residential grinder pump units approved in this instance is not work that requires the supervision of a licensed professional engineer; therefore, we find that Mountain Water should not be required to comply with ordering paragraph 4 of the Commission's June 12, 2017 Order. While we find that the installation of the grinder pump units does not require the general supervision of a licensed professional engineer, we remind Mountain Water that it remains under a duty to ensure the proper installation of these units.

Ordering paragraph 7 of the June 12, 2017 Order states:

Mountain Water shall file with the Commission documentation of the total costs of this project, including the cost of construction and all other capitalized costs, (e.g., engineering, legal, administrative) within 60 days of the date that construction authorized under this CPCN is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for sewer utilities prescribed by the Commission.

Mountain Water states that it "plans on installing the new units to replace existing units that fail, therefore, depending on the failure rate of such existing units, it may take

¹ Motion (filed June 23, 2017) at 1.

² *Id.*

³ *Id.*

from seven months to one year before all of the new units are installed.”⁴ Mountain Water proposes, as an alternative, filing the documentation required under ordering paragraph 7 when 50 percent of the units are installed and when 90 percent of the units are installed.⁵ Per Mountain Water, the installation of 90 percent of the units corresponds to substantial completion of the project.⁶

The Commission finds that the purpose of ordering paragraph 7 is to require proper documentation of costs of the project in a timely manner. The Commission finds that Mountain Water’s proposal to file the required documentation of costs when 50 percent of the units are installed and again when 90 percent of the units are installed is reasonable and satisfies the intent of the requirement. We find that the requirement under ordering paragraph 7 should be amended.

Ordering paragraph 8 of the June 12, 2017 Order states:

Mountain Water shall 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 within 60 days of the substantial completion of the construction certificated herein.

Mountain Water states that there are no “as-built” drawings; therefore, there are no drawings to submit.⁷ Mountain District proposes, as an alternative, to file the certified statement required under ordering paragraph 8 when 50 percent of the units have been installed and again when 90 percent of the units have been installed.⁸ The Commission

⁴ *Id.* at 2.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

finds that there are no “as-built” drawings associated with this project; therefore, this portion of ordering paragraph 8 should be modified accordingly. We further find that the purpose of the remaining portion of ordering paragraph 8 is to require certification that the construction has been satisfactorily completed in accordance with the Commission’s grant of the CPCN for this project. The Commission finds that Mountain Water’s proposal to file a certified statement regarding the construction when 50 percent of the units are installed and again when 90 percent of the units are installed is reasonable and satisfies the intent of the requirement. We find that the reporting requirement of ordering paragraph 8 should be amended.

IT IS THEREFORE ORDERED that:

1. Mountain Water’s application for rehearing is granted.
2. Mountain Water shall not be required to comply with ordering paragraph 4 of the Commission’s June 12, 2017 Order.
3. Ordering paragraph 7 of the Commission’s June 12, 2017 Order is amended to read:

Mountain Water shall file with the Commission documentation of the total cost of this project, including the cost of construction and all other capitalized costs, (e.g., engineering, legal, administrative) when 50 percent of the units are installed and again when 90 percent of the units are installed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for sewer utilities prescribed by the Commission.

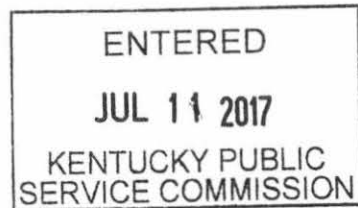
4. Ordering paragraph 8 of the Commission’s June 12, 2017 Order is amended to read:

Mountain Water shall file a certified statement that the construction work has been satisfactorily completed in accordance with the Commission’s grant of a CPCN for this

project when 50 percent of the units are installed and again when 90 percent of the units are installed. Each certified statement shall be filed within 60 days of satisfying the reporting threshold.

5. All other provisions of the Commission's June 12, 2017 Order not in conflict with this Order shall remain in full force and effect.

By the Commission



ATTEST:

Acting Executive Director

*Mountain Water District
6332 Zebulon Highway
P. O. Box 3157
Pikeville, KY 41502-3157

*Mountain Water District
6332 Zebulon Highway
P. O. Box 3157
Pikeville, KY 41502-3157

*Honorable W. Randall Jones
Attorney at Law
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, KENTUCKY 40202