



Ernie Fletcher
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Chairman

Teresa J. Hill, Secretary
Environmental and Public
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Commonwealth of Kentucky
Public Service Commission

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Mr. Bryan Kirby
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P.O. Box 855
Richmond, KY 40476

November 22, 2006

CERTIFICATE OF SERVICE

RE: Case No. 2006-00437
Breathitt County Water District

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on November 22, 2006.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/sh
Enclosure



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Ora C. Main, PE, MBA
Project Manager
Nesbitt Engineering, Inc.
227 North Upper Street
Lexington, KY 40507-1016

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Honorable Brendon D. Miller
Attorney at Law
First National Bank Building
1128 Main Street
Jackson, KY 41339

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John L. Smith
Chairman
Breathitt County Water District
1137 Main Street
Suite 305
Jackson, KY 41339

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BREATHITT COUNTY)	
WATER DISTRICT FOR A CERTIFICATE OF)	CASE NO.
PUBLIC CONVENIENCE AND NECESSITY TO)	2006-00437
CONSTRUCT A WATERWORKS)	
IMPROVEMENT PROJECT)	

ORDER

Breathitt County Water District (“Breathitt District”) has applied for a Certificate of Public Convenience and Necessity to construct a water improvements project in Breathitt County, Kentucky. Having considered the application and being otherwise sufficiently advised,¹ the Commission finds that:

1. Breathitt District, a water district organized under KRS Chapter 74, provides retail water service to Breathitt County, Kentucky.
2. Breathitt District proposes to construct approximately 52,000 linear feet of 8-inch polyvinylchloride (“PVC”) water main; 10,700 linear feet of 6-inch PVC water main; 7,000 linear feet of 4-inch PVC water main, 1,100 linear feet of 3-inch PVC water main; a booster pumping station; a 48,000-gallon ground water storage tank; and an 88,000-gallon water storage tank.
3. Breathitt District proposes to connect an 8-inch water distribution main to an existing 8-inch water distribution that currently ends on Kentucky Highway 541. The

¹ Noting that the proposed project is financed in part under the terms of an agreement between the Governor’s Office for Local Development and the United States Department of Housing and Urban Development, Breathitt District filed its application pursuant to KRS 278.023. As KRS 278.023 applies only where an agreement exists directly between the water utility and the United States Department of Housing and Urban Development and as Breathitt District was not a party to such agreement, the Commission has reviewed this application pursuant to KRS 278.020.

proposed water distribution main will extend east along Kentucky Highway 541 and run north along Kentucky Highway 15, and then northeast along Kentucky Highway 205. Smaller water distribution mains will branch off from this proposed water distribution main and run along Kentucky Highways 1812, 3193, and 1419's Cardinal Branch, and Pegg's Fork. The route of the proposed project is shown in Figure 1 attached to this order.

4. The proposed project is estimated to serve approximately 200 customers. These persons currently receive water service through domestic water haulers and wells.

5. No public or municipal utility currently provides water service to the area that the proposed construction project will serve.

6. The proposed project will not compete with any other water utility in the area.

7. Nesbitt Engineering, Inc. of Lexington, Kentucky, prepared the plans and specifications for the proposed construction.

8. The Division of Water of the Department of Environmental Protection, an agency of the Kentucky Environmental and Public Protection Cabinet, has approved the plans and specifications for the proposed construction.

9. Construction of the proposed project will not result in the wasteful duplication of existing facilities nor result in uneconomic or wasteful competition between public utilities.

10. The total construction cost is approximately \$2,368,000.

11. Breathitt District proposes to fund the total construction cost through a grant of \$1,200,000 from the Kentucky Coal Bond Fund; a Coal Severance Single County Grant of \$938,500; and a Community Development Block Grant of \$229,500.

12. The public convenience and necessity require the construction of the proposed project.

IT IS THEREFORE ORDERED that:

1. Breathitt District is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction as set forth in its application.

2. Breathitt District shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

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

4. Breathitt District shall furnish documentation of the total costs of this project including the cost of construction and all other capitalized costs, including, but not limited to, engineering, legal, and administrative expenses, within 60 days of the date that construction is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

5. Breathitt District shall file with the Commission 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.

6. Breathitt District 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 completed in accordance with the contract drawings and specifications, and in conformance with the best practices of the construction trades involved in the project.

7. Breathitt District shall notify the Commission 7 days prior to the actual start of construction and at the 50 percent completion point.

Done at Frankfort, Kentucky, this 22nd day of November, 2006.

By the Commission

ATTEST



Executive Director

Figure 1

