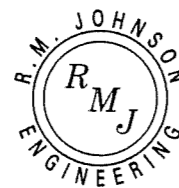


2008-177

R. M. JOHNSON ENGINEERING COMPANY

Telephone
606-785-5926
Fax 606-785-0244
~~rmje@knottwater.com~~
info@rmje.net



P.O. Box 444
Hindman, Kentucky 41822

May 15, 2008

George Wakim, PE
Water and Sewer Branch Manager
Engineering Division
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602-0615

RECEIVED

MAY 19 2008

PUBLIC SERVICE
COMMISSION

RE: Application for Certification of Public Convenience and Necessity
ALC Tank Replacement and Pippa Passes Tank Rehabilitation Project
Knott County Water & Sewer District
Pippa Passes, Kentucky

Dear Mr. Wakim:

Please accept this letter and its submittals as the formal application for a Certificate of Public Convenience and Necessity for the ALC Tank Replacement and Pippa Passes Tank Rehabilitation Project.

The Knott County Water & Sewer District (KCWSD) has declared a local state of emergency for the Pippa Passes water system which condemns the existing Alice Lloyd College (ALC) Tank. This declaration is a result from a failed Public Service Commission (PSC) Utilities Inspection Report dated September 12th, 2007 which cited the ALC Tank for having "a great deal of rust" and cited the existing Pippa Passes Tank for "scum at the bottom of the tank and rusted screws."

The ALC Tank is an existing 100,000 gallon steel tank that was constructed in the mid-1960's and is showing a large amount of rust and deterioration along the bottom of the tank near the foundation. Lead paint is present, on the outside of the tank, and flakes and peels with minimal effort. The tank is located on the Alice Lloyd College campus at a higher elevation and is situated directly above several ALC facilities. If the tank began to leak rapidly, 100,000 gallons would travel down the mountain causing damage to public and private properties.

This tank will be replaced by a new 100,000 gallon steel tank that will have the exact dimensions and storage capacity. We plan to place the new tank on the existing concrete foundation and replace the plumbing. The old tank will be removed and disposed of in an environmentally sound manner and in accordance with all local, state, and federal regulations. This will eliminate the public health and safety hazards currently present.

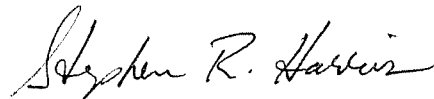
The Pippa Passes Tank is an existing 100,000 gallon glass lined tank that was constructed around 1985 near an ALC-owned housing unit located along KY Rt. 899. The screw bolts, which hold the tank components together and prevent leaks, are showing some rust and deterioration. We are proposing to hand brush the bolts to remove all rust, and then place an epoxy sealant and protective plastic cap over the bolt to prolong the life of the fasteners. We will also install sacrificial cathodic protection which prevents the rusting of the inside of the tank. These maintenance measures will remedy the problem associated with this tank and extend the longevity of its service.

The anticipated schedule for the construction and/or maintenance for the two tanks is proposed to begin in early June and finish sometime in early August. This schedule takes advantage of the fact that ALC does not offer courses during these months, thus reducing the daily water demand. The detailed schedule will be set so that one tank is available for storage while the other is temporarily taken offline. Construction will be complete and both tanks will be online before ALC resumes courses in the Fall Term.

The total project cost has been estimated at \$300,000. 75% of the cost will be funded by Rural Development and 25% will be provided by Coal Severances taxes. The operational cost once the tanks are completed will be very minimal. The steel tank will have to be painted regularly to assure the steel is protected from corrosion.

If you have any questions regarding the contents of this letter and the attached submittals please feel free to contact me at (606) 785-5926 or by email at sharris@rmje.net.

Sincerely,
RM JOHNSON ENGINEERING, INC.



Stephen R. Harris, EIT, LSIT
Project Engineer

Cc: Alice Ritchie, KCWSD
Ron Johnson, PE, RMJE
File

COMMONWEALTH OF KENTUCKY
JOHN Y. BROWN III
SECRETARY OF STATE



0558283.09 PBlavins
John Y. Brown III
Secretary of State
Received and Filed
04/16/2003 9:33:40 AM
Fee Receipt: \$8.00
NAOI

ARTICLES OF INCORPORATION
Nonprofit Corporation

For the purposes of forming a nonprofit corporation in Kentucky Pursuant to KRS Chapter KRS 273, the undersigned incorporator(s) hereby submit(s) the following Articles of Incorporation to the Secretary of State for filing:

Article I: The name of the corporation is

KNOTT COUNTY WATER AND SEWER, INC.

Article II: The purpose for which the corporation is organized is to provide water/wastewater services to the people of Knott County

Article III: The street address of the corporation's initial registered office in Kentucky is

90 JUSTICE CENTER DRIVE HINDMAN KY 41822

and the name of the initial registered agent at that office is Alice Ritchie

Article IV: The mailing address of the corporation's principal office is

P.O. BOX 884 Hindman KY 41822

Article V: The number of directors constituting the initial board of directors is 5. The names and mailing addresses of the persons who are to serve as the initial board of directors are as follows:

See Attachment # 1

Article VI: The name and mailing address of each incorporator is

Reva Campbell P.O. Box 884 Hindman, KY 41822

Executed by the incorporator(s) on April 16, 2003

Alice Ritchie *Alice Ritchie*
Signature of Incorporator

Reva Campbell *Reva Campbell*
Signature of Incorporator

I, Alice Ritchie, consent to serve as the registered agent on behalf of the corporation.

Alice Ritchie, Chairperson
Signature of Registered Agent
Type or Print Name & Title

This form does not comply with the 501 (C) status. You should contact the Internal Revenue Service prior to filing the Articles of Incorporation.

ATTACHMENT # 1

KNOTT COUNTY WATER AND SEWER DISTRICT, INC.

| | | | | |
|-------------------------------|-----------------------|--------------|----|-------|
| Alice G. Ritchie, Chairperson | 6876 Lotts Creek Road | Hazard | KY | 41701 |
| Dale Hamilton, Vice-Chair | P.O. Box 34 | Topmost | KY | 41862 |
| Delores Allen | 6597 Lotts Creek Road | Hazard | KY | 41701 |
| Jerry W. Slone | P.O. Box 101 | Pippa Passes | KY | 41844 |
| James O. Childers | 390 Hurricane Branch | Leburn | KY | 41831 |

2-10-99

**A RESOLUTION ESTABLISHING AND CREATING
A SPECIAL DISTRICT TO PROVIDE WATER AND SEWER
SERVICES TO THE RESIDENTS OF KNOTT COUNTY, KENTUCKY**

**BE IT RESOLVED BY THE KNOTT COUNTY FISCAL COURT
AS FOLLOWS:**

WHEREAS, the legislature of the Commonwealth of Kentucky has delegated responsibility to the local governmental units to adopt and implement ordinances and resolutions to take action promoting the health, safety and general welfare of the citizens of Knott County, Kentucky and,

WHEREAS, many rural areas of Knott County do not have adequate potable water and suitable sanitary sewer septic systems to meet the needs of the citizens and residents of those areas, and,

WHEREAS, the lack of such organized water and sewer systems has lead to extremely critical environmental problems such as pollution to the streams, rivers and aquifers, which further creates contaminated drinking water in Knott County, Kentucky,

NOW, THEREFORE, BE IT RESOLVED BY THE KNOTT COUNTY FISCAL COURT that there is hereby created a special district to be known as THE KNOTT COUNTY WATER AND SEWER DISTRICT, and shall be governed and operated under the rules and procedures established under KRS Chapter 74, relating to water districts and KRS Chapter 220 relating to sanitation districts.

That this special district is created for the purpose of providing county-wide water and sewer systems in order to provide safe and adequate potable water and a sanitary sewer system to adequately deal with the disposal thereof in those areas of the County lacking in such systems.

DATED this 10th. day of February , 1999.

Normie Newsome
KNOTT COUNTY JUDGE/EXECUTIVE

Ayes _____

NAYS: _____

Ray Bolan
Gennie Adams
Hankel Retcher
James Huff

The vote taken on said Resolution at the Regular Meeting of the Knott County

Fiscal Court on February 10th , 1999, the results being as shown above.

ATTEST:

By: [Signature]

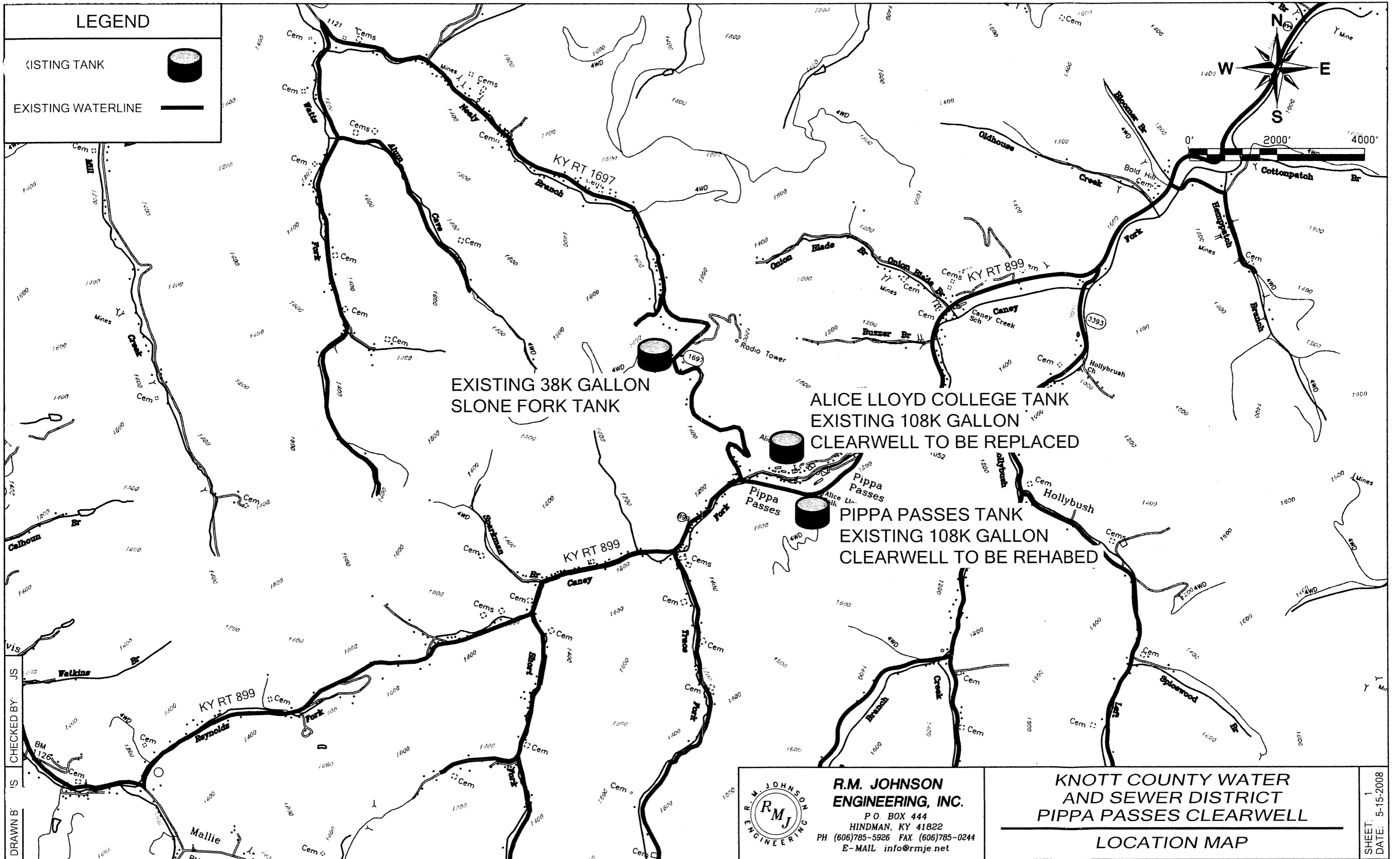
CLERK OF THE FISCAL COURT OF KNOTT COUNTY

LEGEND

EXISTING TANK



EXISTING WATERLINE




DRAWN BY: JS
CHECKED BY: JS


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P.O. BOX 444
HINDMAN, KY 41822
PH (606)785-5926 FAX. (606)785-0244
E-MAIL: info@rmje.net

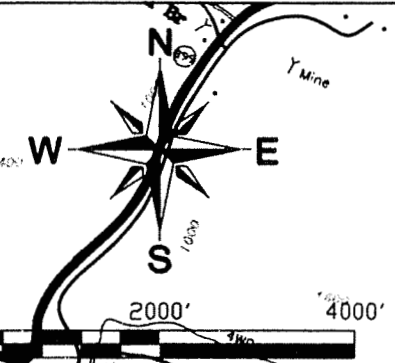
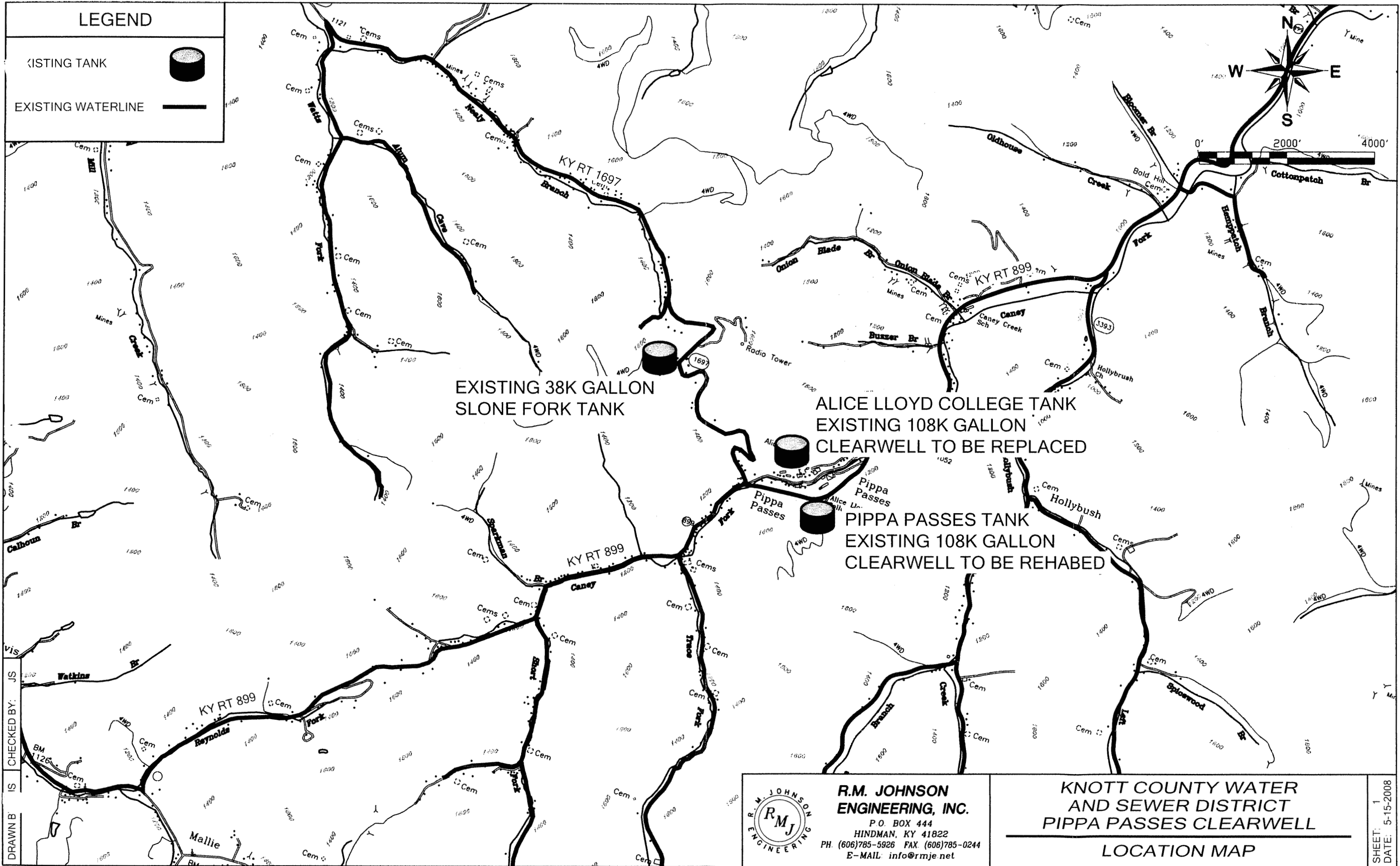
KNOTT COUNTY WATER AND SEWER DISTRICT
PIPPA PASSES CLEARWELL
LOCATION MAP

SHEET: 1
DATE: 5-15-2008

LEGEND

EXISTING TANK 

EXISTING WATERLINE 



DRAWN BY: JS
CHECKED BY: JS

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KNOTT COUNTY WATER AND SEWER DISTRICT
PIPPA PASSES CLEARWELL
LOCATION MAP

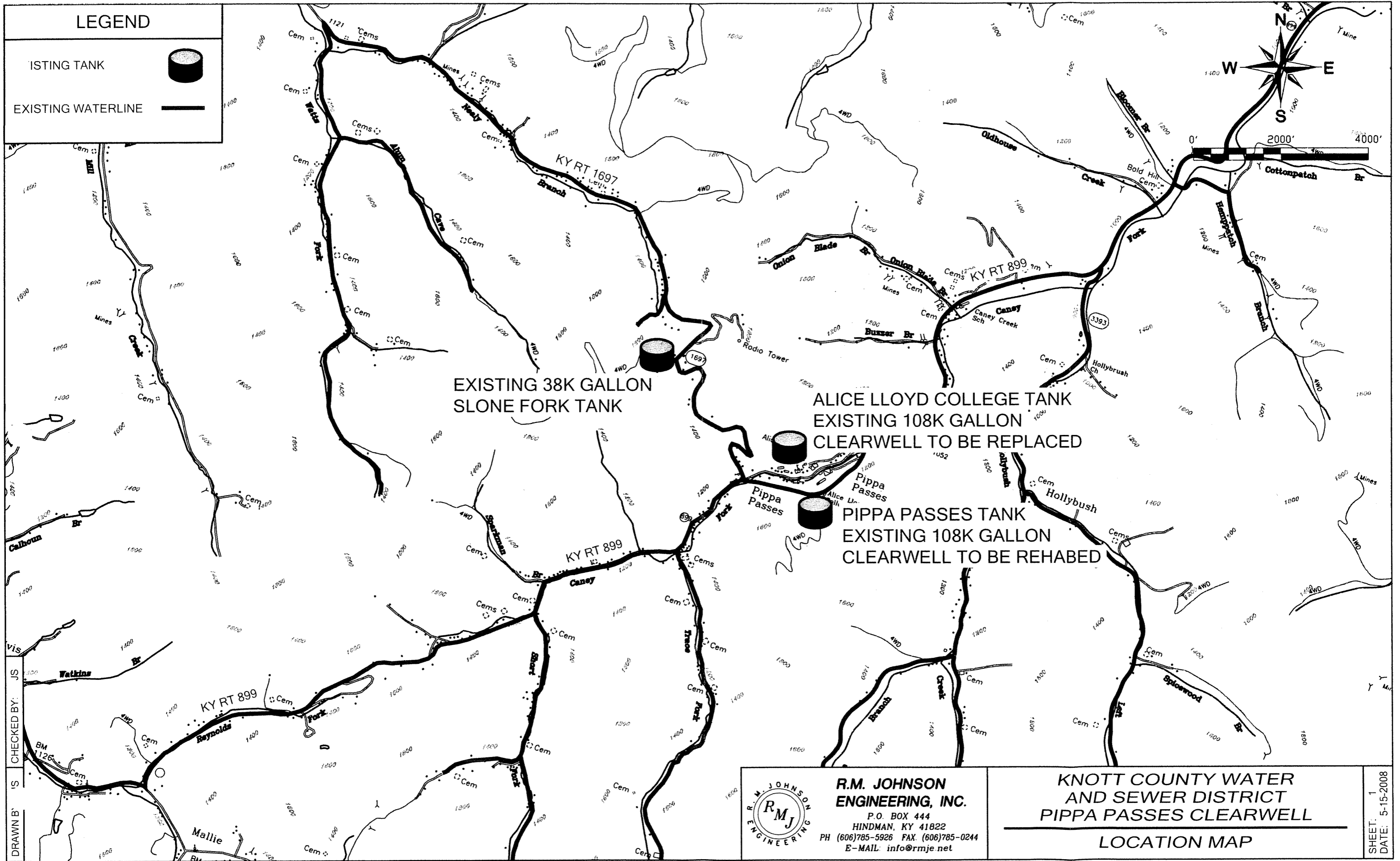
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LEGEND

EXISTING TANK



EXISTING WATERLINE



DRAWN BY: JS
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ENGINEERING, INC.**
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**KNOTT COUNTY WATER
AND SEWER DISTRICT
PIPPA PASSES CLEARWELL
LOCATION MAP**

SHEET: 1
DATE: 5-15-2008

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

UTILITY INSPECTION REPORT

Report Date: 9/12/2007

Report Number: KnottCWSD-091107

BRIEF

Inspector: Joe Greenwell
Inspection Date: 9/11/2007
Type of Inspection: Follow-Up Inspection

Type of Facility: Purchaser and Distribution Facility
Name of Utility: Knott County Water & Sewer District
Location of Facility: Water Division, P.O. Box 884, Hindman, Kentucky 41822
Purpose of Inspection: Inspection of utility facilities to verify actions taken to correct a deficiency.

Applicable Regulations KRS 278 and 807 KAR Chapter 5

INSPECTION

Description of Utility: Water treatment plant with a capacity of 140,000 gallons
Number of Customers: 444
Area of Operation: Knott County
Supply Source: City of Hindman and 4 wells
Distribution Description: Average daily consumption of 75,000 gallons with a total storage capacity of 216,000 gallons, 30 miles of distribution line (PVC, DI, and AC)
Workforce Summary: 2 employees: 1 office; 1 field
Utility Reps in Insp: Reva Campbell
Date of Last Inspection: 6/20/2007
DTR from Last Insp: 2
DTRs not Cleared: 0

Summary of items and facilities Inspected:

Records including, but not limited to, meter testing, reading, and history; flushing; service interruptions; complaints; facilities inspections and procedures; operation and maintenance manual; facilities maintenance; safety guidelines; a copy of a water shortage response plan; and the service area map, etc.; Alice Lloyd College Water Storage Facility (108,000 gal.) in Pippa Passes; Pippa Passes Water Storage Facility (108,000 gal.); and the bottom of the tank which has scum buildup and rusted screws.

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

UTILITY INSPECTION REPORT

Report Date: 9/12/2007

Report Number: KnottCWSD-091107

FINDINGS

- 1 The Alice Lloyd College and the Pippa Passes Water Storage Facilities appear to be in need of maintenance and refurbishing. The Pippa Passes Water Storage Facility has scum at the bottom of the tank and rusted screws. The Alice Lloyd College Water Storage Facility is showing a great deal of rust. This may indicate a failure to operate the utility's facilities in an adequate and safe manner. This may also indicate an ineffective inspection and maintenance program.

RECOMMENDATIONS

Knott County Water & Sewer District shall provide maintenance attention to the Alice Lloyd College and Pippa Passes Water Storage Facilities. The Pippa Passes Water Storage Facility has scum at the bottom of the tank and rusted screws. The Alice Lloyd College Water Storage Facility is showing a great deal of rust. The facilities shall be inspected, cleaned, and refurbished. In addition the district does not have any records of maintenance being performed on the Pippa Passes Water Storage Facility, and the Alice Lloyd College Water Facility was scheduled for inspection over 2 years ago, but the inspection has not yet been completed. This may indicate a failure to operate the utility's facilities in an adequate and safe manner. This may also indicate an ineffective inspection and maintenance program.

Knott County Water & Sewer District may be understaffed. The district may consider obtaining an opinion from the Kentucky Rural Water Association concerning this issue. The water system seems to be in a physically deteriorating condition that could possibly be due to lack of staffing among other things. The main concern is the reason this facility was allowed to reach its current condition. This may indicate a failure to operate the utility's facilities in an adequate and safe manner. This may also indicate an ineffective inspection and maintenance program. This concern will be cited at this time.

ADDITIONAL INSPECTOR COMMENTS

The district was given a copy of the water utility inspection quick reference, the water utility inspection checklist, the Public Service Commission's water loss monthly report, the water utility inspection procedures outline, the general outline for inspection plans, and the new edition of the laws affecting public utilities.

Knott County Water & Sewer District has begun construction of the new Carr Creek Water Treatment Plant which should be on line by fall of 2008.

Water loss for 2005 was 22 percent; water loss for 2006 was 18 percent. Knott County Water & Sewer District submitted a water loss prevention/leak detection plan and certain actions taken to curb water loss in their system. Since there is a clear decline in the water loss percentage, this will remain an ongoing deficiency that will not be cited at this time, unless the water loss percentages increase again. The district has a meter replacement program.

A follow-up inspection will be conducted within 6 months.