

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BREATHITT COUNTY WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC) CASE NO. 2012-00230
CONVENIENCE AND NECESSITY)

ORDER

Breathitt County Water District (“Breathitt District”) has applied for a Certificate of Public Convenience and Necessity to construct a water main extension known as the Kentucky Highway 1098 South Fork Waterline Extension (Phase II) and for authority to execute a loan agreement with Kentucky Infrastructure Authority (“KIA”).

Having reviewed the Application for a Certificate of Public Convenience and Necessity (“Application”) and being otherwise sufficiently advised, the Commission finds that:

1. Breathitt District, a water district organized pursuant to KRS Chapter 74, owns and operates facilities that distribute water to approximately 1,174 customers in Breathitt County, Kentucky.¹

2. Breathitt District proposes to construct a water main extension in Breathitt County that will run in an easterly manner along Kentucky Highway 1098, from the community of Press to the vicinity of the Fulgate School, and along Kentucky Highway 1878, from the intersection of Kentucky Highways 1098 and 1878 easterly to the vicinity of McDaniel Cemetery.

¹ *Annual Report of Breathitt County Water District to the Public Service Commission of Kentucky For the Calendar Year Ended December 31, 2011* at 5, 27.

3. The proposed water main extension consists of 11,600 linear feet of six-inch polyvinylchloride (“PVC”) water main, 32,400 linear feet of four-inch PVC water main, and 250 linear feet of two-inch PVC water main.
4. Total project construction cost is \$519,464.
5. Estimated total cost of the proposed water main extension, including engineering design and legal costs, is \$684,173.
6. The total cost of the proposed water main extension will be financed through the proceeds of a loan from Kentucky Infrastructure Authority.²
7. Nesbitt Engineering of Lexington, Kentucky prepared the plans and specifications for the proposed water main extension.
8. The Division of Water of the Kentucky Energy and Environment Cabinet has approved the proposed plans and specifications.
9. The proposed water main extension will serve approximately 62 new customers who currently have no access to public potable water.
10. The proposed water main extension will not compete or conflict with the facilities of other jurisdictional utilities operating in the same area.
11. The proposed water main extension will not result in the wasteful duplication of facilities or inefficient investment.
12. The public convenience and necessity require the construction of the proposed water main extension.

² Case No. 2011-00399, *Application of Breathitt County Water District for Authority to Enter into a Loan Agreement with the Kentucky Infrastructure Authority* (Ky. PSC Dec. 27, 2011) (authorizing Breathitt District’s entry into the loan agreement with Kentucky Infrastructure Authority).

13. As the Commission has previously approved the issuance of indebtedness whose proceeds will be used to finance the proposed water main extension, Commission approval of Breathitt District's plan of financing is not required.³

IT IS THEREFORE ORDERED that:

1. Breathitt District is granted a Certificate of Public Convenience and Necessity to perform the proposed water main extension project set forth in its Application.

2. Breathitt District shall file a copy of the "as-built" drawings and a certified statement from the engineer that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of substantial completion of the construction certified herein.

3. Breathitt District shall notify the Commission prior to performing any additional construction not expressly authorized by this Order.

4. Any deviation from the construction approved in this Order shall be undertaken only with the Commission's approval.

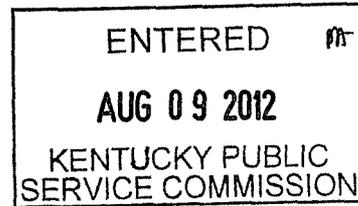
5. Breathitt District shall require the construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

6. Breathitt District shall notify the Commission in writing one week prior to the actual start of construction and at the 50 percent completion point.

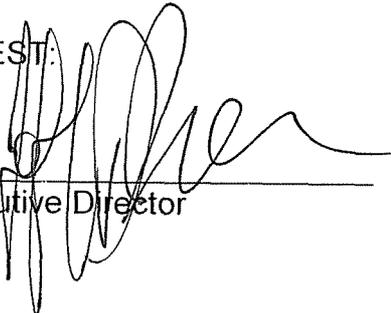
³ See *infra* note 2.

7. Any documents filed pursuant to ordering paragraphs 2, 3, and 6 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

By the Commission



ATTEST:



Executive Director

Case No. 2012-00230

Honorable Brendon D Miller
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