

COMMONWEALTH OF KENTUCKY  
BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of

THE APPLICATION OF THE SOUTH CUMBERLAND )  
WATER DISTRICT, A WATER DISTRICT ORGANIZED )  
PURSUANT TO CHAPTER 74 OF THE KENTUCKY )  
REVISED STATUTES, OF CUMBERLAND COUNTY, )  
KENTUCKY, FOR (1) A CERTIFICATE OF PUBLIC )  
CONVENIENCE AND NECESSITY, AUTHORIZING )  
AND PERMITTING SAID WATER DISTRICT TO CON- )  
STRUCT A WATERWORKS CONSTRUCTION PROJECT, )  
CONSISTING OF EXTENSIONS, ADDITIONS AND )  
IMPROVEMENTS TO THE EXISTING WATERWORKS )  
SYSTEM OF THE DISTRICT: AND (2) APPROVAL )  
OF THE PROPOSED PLAN OF FINANCING OF SAID )  
PROJECT )

CASE NO. 7852

O R D E R

Preface

On May 7, 1980, South Cumberland Water District, the Utility, filed with this Commission its duly verified Application seeking: (1) a "certificate of convenience and necessity" authorizing the construction of extensions, additions, and other improvements to its existing water distribution system and approval of the proposed plan for financing the proposed project.

The case was set for hearing at the Commission's offices in Frankfort, Kentucky, on July 7, 1980. All parties of interest were notified, and no protests were entered.

A copy of a letter from the Division of Sanitary Engineering of the Kentucky Department for Natural Resources and Environmental Protection, approving the plans and specifications, is on file with this Commission.

Findings In This Matter

The Commission, after consideration of all the evidence of record and being advised, is of the opinion and finds:

1. That the public convenience and necessity requires construction of the proposed water system extensions and other improvements as set forth in the Application.

2. That the construction project proposed by the Applicant consists of approximately 12.0 miles of distribution mains to serve approximately 148 new customers at a total project cost of \$293,000<sup>(1)</sup>.

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(1) \$293,00 was the low bid received for the scope of work advertised by the Utility. This bid was less than the Utility's estimate. The \$293,00.00 does not include construction, contingencies, legal fees, engineering fees or administrative costs.

3. That any construction deviations from the contract plans and specifications, herein approved, which could adversely affect service to any customer should be subject to the prior approval of this Commission.

4. That the financing of this project composed of a \$500,000<sup>(2)</sup> HUD grant, is for lawful objects within the corporate purposes of the Utility is necessary and appropriate for and consistent with the proper performance of service to the public by the Utility, and will not impair its ability to perform that service.

5. That the \$19,790 additional revenues produced by the new customers to be serviced by this project should result in additional income of approximately \$5,020 after coverage of the approximately \$14,770 in expenses estimated to be incurred to service the new customers. This increase in net income for the Utility will improve its ability to meet its total expenses and should be considered by this Commission in Case Number 7132 regarding rates that should be charged by this Utility.

6. That the Utility should furnish the Commission with duly verified documentation of the total cost of this project, including the cost of construction and all other capitalized costs (engineering, legal, administration, etc.), within sixty (60) days of the date that construction is substantially completed.

7. That the contract between the Utility and the Engineer should require the Engineer to provide full-time resident inspection under his supervision to insure that the construction work conforms to the best construction practices and is done in accordance with the contract plans and specifications.

8. The Commission further finds that on the completion of construction for this project, the Utility should require the Engineer to furnish this Commission with a certification that the construction has been satisfactorily completed and was done in accordance with the contract plans and specifications. Further, that "As-Built Drawings" should be furnished with said certification; all within sixty (60) days of the date that construction is substantially completed.

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(2) The HUD grant of \$500,00 was for coverage of all project costs. HUD may permit additional water line construction in lieu of requiring return of the funds not committed to the work herein certificated.

Orders In This Matter

The Commission, on the basis of the matters hereinbefore set forth, and the evidentiary record in this case:

HEREBY ORDERS that the Utility be and is hereby granted a certificate of "Public Convenience and Necessity" for construction of the proposed water system extensions and other improvements as set forth in the Application.

IT IS FURTHER ORDERED that any construction deviations from the contract plans and specifications, herein approved, which could adversely affect the service to any customer shall be subject to the prior approval of this Commission.

IT IS FURTHER ORDERED that the Utility be and is hereby authorized to finance this construction project by a \$500,000 HUD grant. This \$500,000 total funding shall be used only for lawful objects as set forth in the Application.

IT IS FURTHER ORDERED that the Utility shall file with this Commission a duly verified document or documents which show the total costs of this project, in accordance with finding number eight (8) herein, within sixty (60) days of the date that construction is substantially completed.

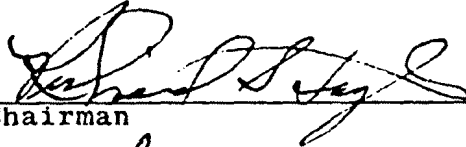
IT IS FURTHER ORDERED that the contract between the Utility and the Engineer shall require the Engineer to provide full-time resident inspection under his supervision to insure that the construction contractor's work conforms to the best construction practices and is done in accordance with the contract plans and specifications.

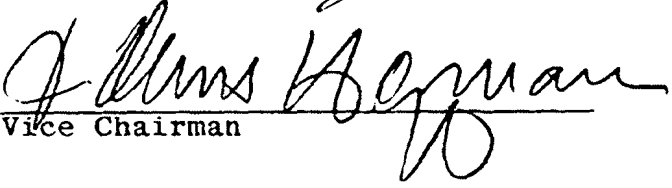
IT IS FURTHER ORDERED that the Utility shall require the Engineer, within sixty (60) days of the date of substantial completion of the proposed construction, to furnish this Commission with a certification that the construction has been satisfactorily completed and was done in accordance with the contract plans and specifications. Further, that "As-Built Drawings" shall accompany this certification.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein authorized.

Done at Frankfort, Kentucky, this 1st day of August, 1980.

UTILITY REGULATORY COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner



ATTEST:

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Secretary