

COMMONWEALTH OF KENTUCKY
BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of

NOTICE OF BRACKEN COUNTY WATER DISTRICT)
NO. 1 OF ADJUSTMENT OF RATES EFFECTIVE)
SEPTEMBER 1, 1980; AND APPLICATION FOR) CASE NO. 7936
AUTHORITY TO CONSTRUCT ADDITIONAL PLANT)
FACILITIES AND TO BORROW \$125,000.)

I N T E R I M O R D E R

On August 12, 1980, the Bracken County Water District No. 1 (hereinafter referred to as the "Utility") filed with this Commission its duly verified application seeking an adjustment of its water service rates. Due to critical service problems that the Utility is presently experiencing, the Utility filed an amended notice to the Commission on August 28, 1980, seeking a certificate of convenience and necessity authorizing the construction of additions and other interim improvements to its existing water distribution system and approval of the proposed method of financing for the project.

The case was set for hearing on the construction and financing aspects of the application in Frankfort, Kentucky, September 18, 1980. All parties of interest were notified and no protests were entered. A hearing on the rates aspects of the application has been scheduled for November 18, 1980.

This Interim Order addresses the construction and financing proposals of the Utility in order to expedite completion of the interim improvements to the system as needed to maintain adequate water service to its customers. A subsequent order of this Commission will address the matter of the adjustment in rates sought by the Utility.

A copy of a letter from the Division of Water of the Kentucky Department for Natural Resources and Environmental Protection approving the Utility's plans and specifications for the proposed project is on file with this Commission.

Findings in This Matter

The Commission, after a review of the record and being advised, is of the opinion and finds:

1. That in consideration of the exigencies of matters related to the construction of the Utility's proposed project, the Commission received testimony on said matters at the September 18, 1980, hearing. The evidentiary record of the said hearing established the basis for entering this Order addressing the certification of construction and the financing thereof.

2. That testimony regarding the Utility's proposed rate adjustments has not been received as of the date of this Order. The Commission, therefore, can make no specific findings herein on the proposed rate adjustments.

3. That Public Convenience and Necessity requires construction of the Utility's proposed Phase I Interim Improvements in Bracken County, Kentucky, as set forth in the application.

4. That the construction project proposed by the Utility consists of a new 20- inch well in Augusta with a 500 GPM pump, 2250 feet of new 12-inch main from the new well, replacement of 6-inch main (1580') from Valley Hi Subdivision to Dutch Ridge, reconnection of a water loop for flow improvements, doubling of the clearwell capacity and other improvements; all at a total project cost of approximately \$125,000.

5. 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.

6. That the Utility proposes to finance this project on an interim basis by means of a \$125,000 loan from the First National

Bank of Brooksville at an interest rate of 8% subject to all terms and conditions set forth in the promissory note.

7. 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, administrative, etc.) within sixty (60) days of the date that construction is substantially completed.

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

9. That within sixty (60) days of the date of substantial completion of this construction, the Utility should require the Engineer to furnish this Commission with a copy of the "As-Built Plans" and a certification that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

ORDERS IN THIS MATTER

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

HEREBY ORDERS that the Utility be and it is hereby granted a Certificate of Public Convenience and Necessity to construct additions and other improvements to its existing water distribution system in order to maintain adequate service for its customers located in Bracken County, Kentucky; all in accordance with the contract plans and specifications filed in this matter.

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

IT IS FURTHER ORDERED that the Utility be and it is hereby authorized to finance this construction project on a interim basis with a \$125,000 loan from the First National Bank of Brooksville at interest rate of 8% subject to all terms and conditions set forth in the promissory note.

IT IS FURTHER ORDERED that this \$125,000 loan shall be used only for the lawful objects as set forth in the application.

IT IS FURTHER ORDERED that the Utility shall file with the Commission a duly verified document or documents which show the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within sixty (60) days of the date that construction is substantially completed.

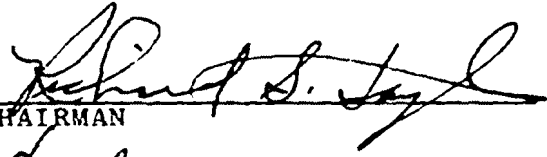
IT IS FURTHER ORDERED that the contract between the Utility and the Engineer shall require the Engineer to provide general engineering supervision and full-time resident inspection to insure that the contractor's construction work conforms to the best construction practices and is done in accordance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

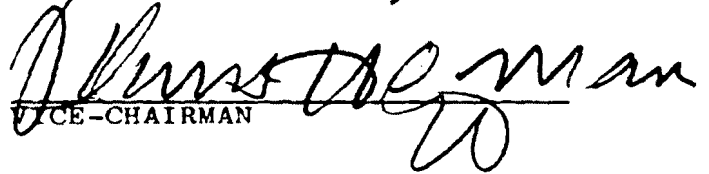
IT IS FURTHER ORDERED that the Utility shall require the Engineer, within sixty (60) days of substantial completion of the proposed construction, to furnish this Commission with a copy of the "As-Built Plans" and a certification that the construction has been satisfactorily completed and was done in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

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

Done at Frankfort, Kentucky, this 31st day of October, 1980.

UTILITY REGULATORY COMMISSION


CHAIRMAN


VICE-CHAIRMAN


COMMISSIONER

ATTEST:

Secretary