

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF THE WOOD CREEK WATER)
DISTRICT, OF LAUREL COUNTY, KENTUCKY, FOR)
(1) A CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY, AUTHORIZING AND PERMITTING)
SAID WATER DISTRICT TO CONSTRUCT A WATER-) CASE NO. 8905
WORKS CONSTRUCTION PROJECT, CONSISTING OF)
EXTENSIONS, ADDITIONS, AND IMPROVEMENTS)
TO THE EXISTING WATERWORKS SYSTEM OF THE)
DISTRICT; (2) APPROVAL OF THE PROPOSED)
PLAN OF FINANCING OF SAID PROJECT)

ORDER

On September 20, 1983, the Wood Creek Water District ("Wood Creek") filed an application with the Commission seeking authorization to construct certain waterworks improvements and approval of the financing for this construction. The financing plan consists of the issuance of \$354,000 of Waterworks Revenue Bonds. Wood Creek has a commitment from the Farmers Home Administration to purchase the bonds maturing over a 40-year period, at an interest rate of 7 1/8 percent per annum.

The purpose of the proposed construction is the improvement of hydraulic flow and service reliability in Wood Creek's southern region. No additional customers would be served by this construction. Drawings and specifications for the proposed improvements

as prepared by Russell-Axon Consulting Engineers, Inc., of Alco, Tennessee, ("Engineers") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

On October 4, 1983, an Order was entered which required certain additional information from Wood Creek to assist the Commission's review of the proposed construction. Upon receipt of this information, the Commission's Engineering Staff reviewed the project and in a Staff report dated March 1, 1984, concluded that the proposed construction would not appreciably improve the low service pressure conditions in Wood Creek's southern region. The report further concluded that while additional storage was needed, the proposed water storage tank could not be utilized effectively by the existing water system.

On March 8, 1984, an Order was entered making the Staff Report part of the record in this case and scheduling the matter for hearing. The hearing was held in the offices of the Public Service Commission, Frankfort, Kentucky, on April 3, 1984, and all parties of interest were permitted to present testimony in support of their positions. There were no intervenors and no protests were entered.

COMMENTARY ON THE HEARING

Wood Creek's Engineer agreed with the Staff Report's conclusions that additional water storage facilities were needed and

that the existing water system could not supply adequate service pressure to certain higher elevations. He further expressed his opinion that the proposed water tank would offer a measure of improved service to the customers in the higher elevations but acknowledged that it would not by itself eliminate all of Wood Creek's low service pressure problems.

Wood Creek's Engineer disagreed with the Staff Report's conclusion that the existing high service pumps and water distribution system are only marginally capable of filling the existing water storage tanks. He submitted testimony and water system measurements to show that Wood Creek was able to fill the existing tanks by manually operating the high service pumps. Recent problems in filling this tank were attributed to certain temporary restrictions created by the on-going construction of certain treatment plant additions. The Engineer agreed with the Staff Report's conclusion that the existing high service pumps and water distribution system cannot reasonably be expected to fill and maintain the desired water level in the proposed tank on a daily basis. He stated, however, that when funding became available to provide further planned improvements to the water system, the proposed tank could be operated properly and filled completely with the new pumps presently being installed as a part of the treatment plant additions.

A Commission Staff Engineer testified that the facilities proposed in this case would not eliminate the service pressure problems being experienced by certain Wood Creek customers. While

the Staff Engineer agreed that additional storage was needed, he questioned the amount of usable storage provided by the proposed tank. The inability to fill the tank coupled with the requirement that a large volume of the water be maintained in the proposed tank to provide proper service pressures near the tank, resulted in very little usable storage. The Staff Engineer further suggested that Wood Creek should consider the water requirements of the area to be served by this proposed facility when selecting the appropriate location, size and type of storage tank.

FINDINGS AND ORDER

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

1. There is a need for additional water storage facilities in the Wood Creek water distribution system.
2. The proposed project as amended includes construction of about 4,290 feet of 10-inch pipeline along Grimes Road to Kentucky Highway 80, and a 300,000-gallon water storage tank northwest of London.
3. Wood Creek has failed to demonstrate by appropriate engineering analysis that the 300,000-gallon water storage tank as proposed in its application has been properly designed to eliminate service problems in the southern region of the district. Further, the sizing of the facility is questionable given the lack of adequate engineering data for this purpose. Also its dependence on unfunded future construction for proper operation casts serious doubt on its benefit in rendering service to the public.

Public convenience and necessity do not, therefore, require construction of the water storage tank as proposed.

4. After an appropriate engineering analysis and any necessary plan revisions, Wood Creek should resubmit the project for Commission approval. However, prior to any hearing on this resubmittal, or prior to resubmittal if desired, Wood Creek should schedule an informal conference with the Commission to discuss the project.

IT IS THEREFORE ORDERED that the application by Wood Creek to construct a 300,000-gallon water storage tank and 4,290 feet of 10-inch pipeline northwest of London be and it hereby is denied.


IT IS FURTHER ORDERED that the application by Wood Creek to borrow \$354,000 from the Farmers Home Administration for the purposes herein described be and it hereby is denied.

Done at Frankfort, Kentucky, this 29th day of May, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary