

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF THE HARRISON)
COUNTY WATER ASSOCIATION, INC.,)
P. O. BOX 215, CYNTHIANA,) CASE NO. 9051
KENTUCKY 41031, FOR A CERTIFICATE)
OF CONVENIENCE AND NECESSITY)

O R D E R

The Harrison County Water Association ("Harrison Water") filed an application on May 7, 1984, for authorization to construct an \$879,000 waterworks improvements project and approval of its financing for this project. Harrison Water's financing includes \$63,000 from applicants for service in the project area, a Farmers Home Administration ("FmHA") grant of \$376,000, a \$190,000 FmHA loan at 9 1/8 percent annual interest and a \$250,000 FmHA loan at 9 1/2 percent annual interest. Harrison Water will enter into a security agreement with FmHA for these loans. The repayment period will be 40 years. The proposed improvements should extend service to approximately 185 customers.

Drawings and specifications for the proposed improvements as prepared by Parrott, Ely and Hurt, Consulting Engineers, Inc., of Lexington, Kentucky, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

A hearing on Harrison Water's proposed construction and financing was held in Frankfort, Kentucky, on September 26, 1984. There were no intervenors and no protests were entered.

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

1. The approval of a water main extension for Jones Lane, as proposed by Harrison Water, would also be an approval of a deviation from the minimum service pressure of 30 psig required by Section 6 of 807 KAR 5:066. According to the Engineer's hydraulic calculations, service pressure on Jones Lane could be as low as 16 psig. A deviation of this magnitude is not in the public interest and should be denied. The proposed Jones Lane extension should, therefore, be deleted from the proposed construction.

2. With deletion of the Jones Lane extension discussed in Finding number 1 herein, public convenience and necessity require that the construction proposed in the application and record be performed and that a certificate of public convenience and necessity be granted.

3. The approved construction includes about 31 miles of water mains and miscellaneous appurtenances thereto. The low bids received for the proposed work totaled \$544,150 which will require about \$879,000 after allowances are made for fees, contingencies, other indirect costs, and additional construction being considered.

4. Harrison Water should obtain approval from the Commission prior to performing any additional construction not expressly certificated by this Order.

5. Any deviations from the approved construction which could adversely affect service to any customer should be subject to prior approval of this Commission.

6. The proposed borrowing of \$440,000 is for lawful objects within the corporate purposes of Harrison Water, is necessary and appropriate for and consistent with the proper performance of services to the public by Harrison Water and will not impair its ability to perform these services.

7. The financing secured by Harrison Water for this project will be needed to pay for the work herein approved and recommended. Harrison Water's financing plan should, therefore, be approved.

8. Harrison Water should furnish 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 60 days of the date that construction is substantially completed.

9. Harrison Water's contract with its Engineer should require the provision of full-time resident inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering. This supervision and inspection should insure 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.

10. Harrison Water should require the Engineer to furnish a copy of the record drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

11. A 5/8-inch x 3/4-inch meter should be the standard customer service meter and should be installed at all points of service unless the customer provides sufficient justification for the installation of a larger meter.

12. Harrison Water should file with the Commission a copy of all contractual agreements for the provision of services or the purchase of services which are subject to the approval of this Commission.

13. Harrison Water has an existing 2-inch water line on Jones Lane which is approximately 1200 feet in length. This line is in violation of the Commission's regulations which state that 2-inch non-circulating lines may not exceed 250 feet in length. The Engineer's hydraulic calculations show this line currently meets minimum pressure requirements. Harrison Water should monitor the service pressures on this line. If the service pressures should fall below the minimum pressures required by Commission regulations, Harrison Water should take immediate steps to improve the pressure in this area.

14. The waterworks improvement project should be recorded in Harrison Water's books of account in accordance with the

utility plant instructions and other requirements of the Uniform System of Accounts for Class A and B Water Utilities as prescribed by this Commission.

IT IS THEREFORE ORDERED that Harrison Water be and it hereby is granted a certificate of public convenience and necessity to proceed with the waterworks improvements project set forth in the drawings and specifications of record that are hereby approved on the condition that construction of the Jones Lane extension be deleted in accordance with Finding number 1 of this Order.

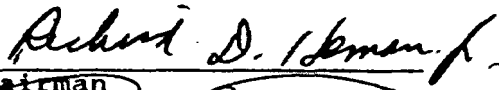
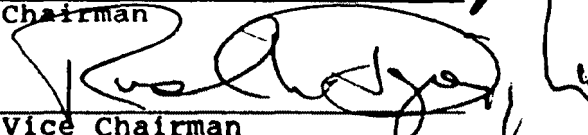
IT IS FURTHER ORDERED that Harrison Water's request for a deviation permitting the provision of service pressure substantially below the 30 psig minimum required by Section 6 of 807 KAR 5:066 be and it hereby is denied.

IT IS FURTHER ORDERED that Harrison Water shall comply with those matters prescribed by Findings 4 through 14 herein as if the same were individually so ordered.

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 9th day of October, 1984.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman

ATTEST:

Secretary


Commissioner