

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF MARTIN)
COUNTY FISCAL COURT AND MARTIN)
COUNTY WATER DISTRICT NO. 1, FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY AUTHORIZING THE CON-) CASE NO. 9605
STRUCTION OF (1) RENOVATIONS TO THE)
EXISTING WATER SUPPLY RESERVOIR DAM;)
AND (2) RAW WATER INTAKE AND PUMPING)
FACILITIES)

O R D E R

Martin County Water District #1 ("Martin Water") by application filed June 5, 1986, is seeking a certificate of public convenience and necessity for a \$727,000 waterworks improvements project. The financing of this project will require about 42.8 percent of an Abandoned Mines Land grant of \$1,700,000. The other 57.8 percent (\$973,000) of the grant will finance Martin Water's proposed improvements to its water treatment and distribution facilities for which an application for Commission approval is to be filed at a future date.

In recent years, Martin Water's reservoir capacity has been inadequate for meeting the demands for water during seasonably high usage periods. The Crum reservoir located near the water treatment plant has been depleted to the level of water crisis conditions a number of times during the past few years. The construction proposed by Martin Water would increase its reservoir capacity and would prevent depletion of this capacity below

optimum levels for storage and for hydraulic entry to its treatment plant. This is to be accomplished by (1) raising the height of the impoundment dam and (2) by constructing a raw water supply main from the Tug Fork of the Big Sandy River to the reservoir.

The construction plans and specifications were prepared by Kenvirons, Inc., consulting engineers of Frankfort, Kentucky, ("Engineer") and have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet. The work proposed on the reservoir impoundment dam is Martin Water's response to an order of the Natural Resources and Environmental Protection Cabinet for compliance with the safety requirements for compacted earth dams.

The currently low reservoir level threatens the continuity of water service by Martin Water. Depletion of the reservoir occurred during an extended period of dry weather. Martin Water's current operations include emergency measures such as implementation of a water curtailment plan and a reservoir replenishment effort. A temporary pipeline and a diesel driven pump are in use to pump water from a nearby creek to the reservoir. These will be removed after the current emergency is passed. The supply available from the creek is of inadequate volume and of undesirable quality.

A public hearing will not be required in this instance. In reaching this decision, the Commission considered Martin Water's currently critical water situation and the essential matters to be

addressed herein. Martin Water, with its 100 percent construction grant, is seeking approval of construction that will not require approval of long-term borrowing or adjustments to its water service rates. Further, the application and construction contract documents provide a complete description of the construction proposed by Martin Water and adequately substantiate the need for a certificate of public convenience and necessity. No motion in opposition to the proposed construction has been filed with the Commission.

FINDINGS AND ORDERS

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

1. Public convenience and necessity require that the construction proposed in the application of record be performed and that a certificate of public convenience and necessity be granted.

2. Martin Water's proposed construction includes two distinctly different projects: (1) A project for remedial work to its reservoir impoundment dam to provide a principal spillway riser with a downstream discharge pipe through the emergency spillway, raising the top of the dam about 4 feet and additional rip rap stone slope protection on the upstream face of the dam; and (2) A raw-water main transmission project of about four miles with a raw-water intake structure on the Tug Fork of the Big Sandy River, a diesel engine driven booster pumping station, about 21,300 feet of pipeline (18,800 feet of 12-inch and 2,500 feet of 8-inch) and other appurtenances. The booster pump will work

against an elevation difference of about 350 feet to reach the water shed of Martin Water's reservoir. It has been designed to transport 700 gallons per minute from river to reservoir.

3. The low bids totaled \$623,070. The funding required for this work will be approximately \$727,000 including engineering design fees, legal fees, resident inspection, and construction contingencies. The \$1,700,000 Abandoned Mines Land Grant will, therefore, also provide approximately \$973,000 for a project to improve water treatment facilities. The contract documents (engineering plans, construction and project cost estimates, etc.) for the water treatment and distribution facilities project should be submitted for Commission approval by October 20, 1986; and Commission approval should be obtained before construction thereon is begun.

4. Any deviations from the construction herein approved should be done only with the prior approval of this Commission. Additional construction will be considered by the Commission as a deviation from the approved construction.

5. Martin Water should furnish duly verified documentation of the total costs of this construction including all capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Said costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by this Commission.

6. Martin Water's contract with its Engineer should require full-time resident inspection under the general supervision of a

professional engineer with a Kentucky registration in civil or mechanical engineering to insure that the construction work is done in accordance with the contract plans and specifications and in conformance with the best practices of the construction trades involved in the project.

7. Martin Water should require the Engineer to furnish a copy of the "as-built" 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.

8. The \$727,000 required for the utility construction herein approved is for lawful objects within Martin Water's corporate purposes, is necessary and appropriate for and consistent with the proper performance of its services to the public and will not impair its ability to perform these services, is reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Martin Water be and it hereby is granted a certificate of public convenience and necessity to proceed with the proposed construction as set forth in the plans and specifications of record herein.

2. Martin Water's financing of this construction with \$727,000 of its \$1,700,000 Abandonment Mines Land Grant be and hereby is approved.

3. Martin Water shall comply with all matters set out in Findings 4 through 7 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 4th day of September, 1986.

PUBLIC SERVICE COMMISSION

Richard D. Wenzel
Chairman

W. C. L.
Vice Chairman

Spencer Williams
Commissioner

ATTEST:

Executive Director