

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ESTILL COUNTY WATER)
DISTRICT NO. 1, OF ESTILL COUNTY,)
KENTUCKY, FOR (1) A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY,)
AUTHORIZING AND PERMITTING SAID WATER)
DISTRICT TO CONSTRUCT A WATERWORKS)
CONSTRUCTION PROJECT, CONSISTING OF)
EXTENSIONS, ADDITIONS, AND IMPROVEMENTS) CASE NO.
TO THE EXISTING WATERWORKS SYSTEM OF) 9645
THE DISTRICT; (2) APPROVAL OF THE PRO-)
POSED PLAN OF FINANCING OF SAID)
PROJECT; AND (3) APPROVAL OF THE)
INCREASED WATER RATES PROPOSED TO BE)
CHARGED BY THE DISTRICT TO CUSTOMERS)
OF THE DISTRICT)

O R D E R

By Order entered October 12, 1984, in Case No. 9018 the Estill County Water District ("Estill Water") was granted a certificate of convenience and necessity for construction of distribution system extensions to serve 67 applicants for service. The \$656,000 in project funds secured by Estill Water exceeded the needs for its new project by about \$160,000. This surplus presented Estill Water with an opportunity to extend service to additional residents of Estill County. The Commission recognized this opportunity and approved Estill Water's \$656,000 plan of financing with the stipulation that its additional construction would also require approval of the Commission. Estill Water was granted an additional certificate of convenience and necessity to

serve an additional 59 customers on April 5, 1985. Financing for the additional construction was with funds remaining from the previously approved financing. The rates in effect at the time of filing in Case No. 9018 were found to be adequate and no adjustments were made with the exception of an increase in the tap fee and establishment of minimum bills for 1-inch and 2-inch meters.

On July 17, 1986, Estill Water by letter from its consulting engineer, Parrott, Ely and Hurt, requested approval to construct additional waterworks facilities. Financing for the proposed construction is from grant funds remaining from the financing approved in Case No. 9018 and additional service connection fees. No adjustment in rates was requested.

The Commission will consider Estill Water's letter as an application for authorization to construct an \$11,907 water improvements project and approval of its financing for this project.

Estill Water proposes to extend service to seven new customers through about 3,700 feet of 4-inch pipelines. The cost including fees, contingencies and other indirect costs will be about \$11,907, of which \$11,357 is the estimate for direct construction costs.

A copy of a letter from the Division of Water of the Natural Resources and Environmental Protection Cabinet approving the proposed construction has been received.

Findings and Orders

The Commission, after consideration of the application for approval of additional construction, is of the opinion and finds that:

1. Estill Water's letter of July 17, 1986, should be considered an application for authorization to construct additional improvements and approval of its financing for this project.

2. The record in Case No. 9018 should be incorporated by reference into this case.

3. Public convenience and necessity require that the construction proposed in the application filed July 17, 1986, be performed and that a certificate of public convenience and necessity be granted.

4. The method of financing utilizing funds from Estill Water's previously approved FmHA funding of \$656,000 and additional service connection fees should be approved.

5. The rates currently in effect are the fair, just and reasonable rates to be charged by Estill Water.

IT IS THEREFORE ORDERED that:

1. Estill Water's letter filed on July 17, 1986, be and it hereby is accepted for filing and this case is hereby opened to consider the merits of the proposal.

2. The record in Case No. 9018 be and it hereby is incorporated by reference into this case.

3. Estill Water be and it hereby is granted a certificate of public convenience and necessity for additional construction as

described by its application filed July 17, 1986, and herein approved.

4. Estill Water's method for financing the proposed construction be and it hereby is approved.

5. The existing rates and charges of Estill Water shall remain in full force and effect.

Done at Frankfort, Kentucky, this 22nd day of August, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director