

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 CONSTRUCTION OF (1)) CASE NO. 9721
RENOVATIONS TO THE EXISTING WATER)
TREATMENT PLANT; AND (2) WATER STORAGE)
TANKS AND ATTENDANT DISTRIBUTION PIPING)

O R D E R

Martin County Water District No. 1 ("Martin Water") by application filed October 27, 1986, and revised during the proceedings in this matter, is seeking authorization to construct a \$1,629,085 waterworks improvement project and approval of its plan of financing for this project. The project funding includes a \$1,629,085 grant from the Abandoned Mine Lands Reclamation program ("AML").

The proposed construction will make water treatment plant improvements. Drawings and specifications for the proposed improvements by Kenviron, Inc., of Frankfort, Kentucky, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

FINDINGS AND ORDERS

The Commission, after consideration of the evidence 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 be performed and that a certificate of public convenience and necessity be granted.

2. The proposed construction consists of renovation of the water treatment plant, a 300,000-gallon clearwell storage tank, installation of altitude valves at two existing water storage tanks, a 150,000-gallon storage tank and altitude valve, the installation of a telemetry system, approximately 1.5 miles of 16-, 14-, 12-, and 8-inch diameter pipelines, and related appurtenances. The low bids totaled \$1,395,290 which will require about \$1,629,085 after allowances are made for fees, contingencies and other indirect costs.

3. Any deviations from the construction herein approved which could adversely affect service to any customer should be done only with the prior approval of the Commission.

4. Martin 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. Said construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

5. Martin 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, to ensure 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.

6. 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.

7. The financing plan proposed by Martin Water is for the lawful objects within the corporate purpose of its utility operations, is necessary and appropriate for and consistent with the proper performance of its service to the public and will not impair its ability to perform that service and should, therefore, be approved.

8. The financing secured by Martin Water for this project will be needed to pay for the work herein approved. Martin Water's financing plan 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 project as set forth in the drawings and specifications of record herein.

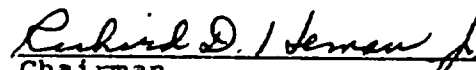
2. Martin Water's financing plan consisting of a AML grant of \$1,629,085 be and it hereby is approved.

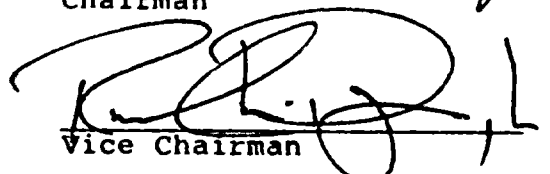
3. Martin Water shall comply with all matters set out in Findings 3 through 6 as if the same were individually so ordered.

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 21st day of April, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director