

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MOUNTAIN WATER)
DISTRICT FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY) CASE NO. 9759
AUTHORIZING THE CONSTRUCTION OF A)
WATER DISTRIBUTION SYSTEM)

O R D E R

Mountain Water District ("Mountain Water") by application filed November 10, 1986, is seeking a certificate of public convenience and necessity to construct a \$926,700 waterworks improvements project and approval of its \$926,700 Abandoned Mines Land ("AML") grant for financing this project. About \$233,300 of a total AML grant of \$1,160,000 will be for construction on Lower Chloe Creek as additions to the City of Pikeville's distribution system. Upper Chloe Creek and its tributaries define the construction area for Mountain Water. The City's work and the District's work are combined for design, bidding and construction inspection purposes.

The construction plans and specifications prepared by Kenviron, Inc., of Frankfort, Kentucky, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

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

1. 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.

2. The proposed project includes the construction of about 8.11 miles (42,800 feet) of distribution system pipeline (13,800 feet of 8-inch, 9,450 feet of 6-inch, 15,500 feet of 4-inch and 4,050 feet of 3-inch); 263 metered service connections (150 with pressure reducing valves); three booster-pumping stations (rated at 200, 100 and 25 gallons per minute); three storage tanks (200,000-gallon, 50,000-gallon and 5,000-gallon); a master meter station; a river crossing; numerous road crossings; 15 fire hydrants, two pressure reducing stations; an 8-inch check valve station and other miscellaneous construction and appurtenances.

3. The low bids totaled \$749,838 (\$529,838 for distribution system construction and \$220,000 for storage tanks). The funds required for this work will be approximately \$926,700 including engineering design fees, legal fees, resident inspection, a construction contingency and other indirect construction costs. The available funds of \$926,700 should be adequate for completion of the work in accordance with the bids received December 3, 1986.

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

5. Mountain 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. Mountain Water should require the Engineer to provide 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 plans and specifications and in conformance with the best practices of the construction trades involved in the project.

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

9. The \$926,700 financing plan proposed by Mountain Water for its proposed construction is for lawful objects within its 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. Mountain 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. Mountain Water's plan of financing consisting of an AML grant of \$926,700 be and it hereby is approved.

3. Mountain Water shall comply with all matters set out in Findings 4 through 9 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 authorized herein.

Done at Frankfort, Kentucky, this 13th day of February, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director