

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF MARROWBONE WATER)
DISTRICT, CUMBERLAND COUNTY,)
KENTUCKY, FOR A CERTIFICATE OF)
CONVENIENCE AND NECESSITY AUTHOR-)
IZING SAID DISTRICT TO CONSTRUCT)
ADDITIONS, EXTENSIONS AND IMPROVE-) CASE NO. 9769
MENTS TO ITS EXISTING MUNICIPAL)
WATER DISTRIBUTION SYSTEM PURSUANT)
TO THE EXPRESS PROVISIONS OF)
CHAPTERS 74 AND 106 OF THE KENTUCKY)
REVISED STATUTES)

O R D E R

Marrowbone Water District ("Marrowbone") by application filed November 21, 1986, is seeking authorization to construct a \$289,000 waterworks improvement project, and approval of its plan of financing for this project. The project funding consists of a \$157,000 Community Development Block Grant ("CDBG") and a \$132,000 grant from the Farmers Home Administration ("FmHA"). The FmHA grant consists of unused funds from a previous construction project approved by the Commission in C.N. 9302.

The proposed construction will provide water service to about 37 new customers and will provide additional water storage facilities. Drawings and specifications for the proposed improvements by Anderson Engineering, of Smiths Grove, Kentucky, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

CONTINUITY OF ADEQUATE AND RELIABLE SERVICE

The evidence indicates that reliable and adequate service can be maintained throughout the expanded system after completion of the proposed construction. However, there is one area on Allens Creek Road that could have service pressures below 30 psig, which is in violation of 807 KAR 5:066, Section 6(1). Marrowbone is also proposing to construct a water storage tank with no positive means of controlling its water level. Marrowbone is apparently going to depend on customer demand, friction loss of the water system, the establishment of a higher overflow than the existing water storage tank and manual operation of the high service pump to prevent any overflow. This type of operation requires very close supervision by District personnel and is neither dependable nor efficient. Marrowbone should monitor the activity of both storage tanks after construction to ensure their proper operation.

In addition, Marrowbone's water treatment plant is nearing its treatment capacity. Marrowbone should immediately begin studying methods to supply additional water to its system. This review should consider the feasibility of expanding its present treatment facilities as well as purchasing water from adjacent water purveyors.

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 be performed and that a certificate of public convenience and necessity be granted; however, Marrowbone

should monitor the service to any potential low pressure areas and the water level of the proposed storage tank.

2. The proposed construction consists of approximately 8.1 miles of 4-, and 3-inch diameter pipelines, a 100,000-gallon water storage tank and related appurtenances. The low bids totaled \$165,314 but the total cost will be about \$289,000 after allowances are made for fees, contingencies, and other indirect costs.

3. Marrowbone should monitor the adequacy of the expanded water distribution system after construction and the effect the proposed construction has on water treatment plant capacity. If the level of service is inadequate or declining, Marrowbone should take immediate action to maintain the level of service in conformance with the regulations of the Commission.

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

5. 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.

6. Marrowbone 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.

7. Marrowbone'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 should ensure that the construction work is done in accordance with the contract drawings and specifications and conforms with the best practices of the construction trades involved in the project.

8. Marrowbone should require the Engineer, within 60 days of the substantial completion of this construction, to furnish a copy of the "as-built" drawings and a signed statement that the project has been satisfactorily completed in accordance with the contract plans and specifications.

9. The financing plan proposed by Marrowbone is for 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.

10. The financing secured by Marrowbone for this project will be needed to pay for the work herein approved. Marrowbone's financing plan should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Marrowbone 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 on the condition that the potential low pressure areas and the water level of the proposed storage tank be

monitored and corrective action taken in accordance with Finding 1 and Finding 3 of this Order.

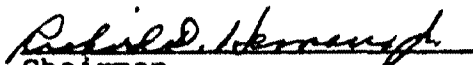
2. Marrowbone's financing plan consisting of \$157,000 in CDBG funds and a \$132,000 FmHA grant be and it hereby is approved.

3. Marrowbone shall comply with all matters set out in Findings 3 through 8 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 28th day of January, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director