

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FLEMING COUNTY)
WATER ASSOCIATION, INC., A NON-PROFIT)
CORPORATION OF 205 COURT SQUARE,)
FLEMINGSBURG, FLEMING COUNTY, KENTUCKY)
41041, FOR (1) A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY AUTHORIZING) CASE NO.
AND PERMITTING SAID WATER ASSOCIATION) 9865
TO CONSTRUCT ADDITIONAL WATER DISTRI-)
BUTION SYSTEM LINES TO SERVE WATER TO)
84 NEW MEMBERS OF THE ASSOCIATION (2))
APPROVAL OF THE PROPOSED PLAN OF)
FINANCING OF SAID PROJECT)

O R D E R

By Order entered July 8, 1985, in Case No. 9250 the Fleming County Water Association ("Fleming Water") was granted a certificate of convenience and necessity for construction of distribution system extensions to serve 95 applicants for service. The \$800,000 in project funds secured by Fleming Water exceeded the needs for its new project by about \$340,000. This surplus presented Fleming Water with an opportunity to extend service to additional residents of Fleming County. The Commission recognized this opportunity and approved Fleming Water's \$800,000 plan of financing with the stipulation that its additional construction would also require approval of the Commission.

Fleming Water's requests for Commission approval of additional construction have been addressed by Orders of the Commission entered as follows: July 8, 1986, in Case No. 9630 and

January 8, 1987, in Case No. 9687. Fleming Water's application filed February 13, 1987, has also been assigned a separate case number in lieu of reopening Case No. 9250 as proposed in the application. Records of the prior Cases (9250, 9630 and 9687) are hereby incorporated by reference in the instant case.

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

The Commission, after consideration of the application and the records of Cases 9250, 9630, 9687 and the instant case, 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 construction includes a water storage tank with a capacity of 187,000 gallons and miscellaneous appurtenances thereto. The pipeline construction that will connect this tank to Fleming Water's distribution system was addressed by Order entered January 8, 1987, in Case No. 9687.

3. The construction costs will total about \$96,500 and the project scope including contingencies, design fees, construction supervision and other indirect costs will total about \$129,000. The funds approved in Case No. 9250 will be adequate to pay for this work and should be approved for this purpose.

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. Fleming 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. Fleming 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 in conformance with the best practices of the construction trades involved in the project.

7. Fleming 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 funds remaining from those approved by Order entered July 8, 1985, in Case No. 9250 (approximately \$129,000) are the funds to be utilized by Fleming Water for financing the construction herein proposed. The use of said funds by Fleming Water for this purpose 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. Fleming 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.

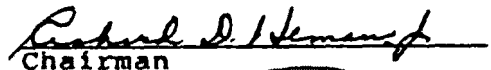
2. Fleming Water's method for financing the proposed construction be and it hereby is approved.

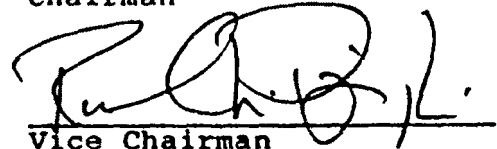
3. Fleming Water shall comply with all matters set out in Findings 4 through 8 as if the same were individually so ordered.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing authorized herein.

Done at Frankfort, Kentucky, this 30th day of March, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:

Executive Director


Commissioner