

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTON COUNTY WATER)
DISTRICT NO. 1 FOR COMMISSION APPROVAL)
TO CONSTRUCT PROJECT B, WATER) CASE NO. 10248
TRANSMISSION MAIN)

O R D E R

On May 9, 1988, Kenton County Water District No. 1 ("Kenton No. 1") filed an application for a certificate of public convenience and necessity to construct a \$1,400,000 waterworks improvement project and for approval of its plan of financing for this project. Kenton No. 1 proposes to fund the construction with a bond issue approved in Case No. 9846, Application of Kenton County Water District No. 1 (A) to issue Revenue Bonds in the Approximate Amount of \$21,930,000, (B) to Construct Additional Plant Facilities of Approximately \$19,214,000, and (C) Notice of Adjustment of Rates Effective May 1, 1987.

The proposed construction will include the installation of an additional water transmission main. Drawings and specifications for the proposed improvements prepared by Viox and Viox, P.S.C., Consulting Engineers and Surveyors of Erlanger, 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 engineering information filed indicates that reliable and adequate service can be maintained throughout the expanded system after completion of the proposed construction. The Commission reminds Kenton No. 1 of its obligation to provide adequate and reliable service to all of its customers. Kenton No. 1 should monitor the adequacy of the expanded water distribution system after construction. If the level of service is inadequate or declining, or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 6(1), Kenton No. 1 must take necessary actions to maintain the level of service in conformance with the regulations of the Commission.

FINDINGS AND ORDERS

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

1. With the appropriate monitoring of service system-wide, public convenience and necessity require the construction proposed in Kenton No. 1's application. A certificate of public convenience and necessity should be granted.

2. The proposed construction consists of approximately .8 miles of 36- and 16-inch diameter pipelines, and related appurtenances. The low bids totaled \$1,217,709 which will require about \$1,400,000 after allowances are made for fees, contingencies, and other indirect costs.

3. Kenton No. 1 should monitor the adequacy of the expanded water distribution system after construction. If the level of service is inadequate or declining, or the pressure to any

customer is outside the requirements of 807 KAR 5:066, Section 6(1), Kenton No. 1 should take immediate action to maintain the level of service in conformance with the regulations of the Commission.

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 the Commission.

5. Kenton No. 1 should obtain approval from the Commission prior to performing any additional construction not expressly certificated by this Order.

6. Kenton No. 1 should furnish proof 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.

7. Kenton No. 1 's contract with its Engineer should require construction 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.

8. Kenton No. 1 should require the Engineer to furnish within 60 days of the date of substantial completion of this construction 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.

9. The financing plan proposed by Kenton No. 1 is for lawful objects within its corporate purpose, 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 these services. The financing plan is reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Kenton No. 1 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 service levels be monitored, and corrective action taken in accordance with Finding 1 and Finding 3 of this Order.

2. Kenton No. 1 's financing plan consisting of a bond issue approved in Case No. 9846 be and it hereby is approved.

3. Kenton No. 1 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.

