

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY-AMERICAN WATER)
COMPANY FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY AUTHORIZING) CASE NO. 10253
THE CONSTRUCTION OF THE MUDDY FORD)
TANK AND NEWTOWN BOOSTER STATION)

O R D E R

On May 13, 1988, Kentucky-American Water Company ("Kentucky-American") filed an application for a certificate of public convenience and necessity to construct a \$2,006,725 waterworks improvement project. Kentucky-American proposes to finance the construction initially through short term bank borrowings. After construction is complete the costs will be converted to permanent financing.

The proposed construction will provide additional water storage and pumping facilities in the northern part of Kentucky-American's service area. It is the Commission's understanding that approximately 9,000 feet of 16-inch water main, which is not part of this application, will have to be constructed in the near future to integrate the proposed tank into the distribution system. Drawings and specifications for the proposed improvements prepared by the American Water Works Service Company, Inc., of Haddon Heights, New Jersey, and Gannett Fleming Water Resources

Engineers, Inc., of Harrisburg, Pennsylvania, ("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 the construction proposed in Kentucky-American's application. A certificate of public convenience and necessity should be granted.

2. The proposed construction consists of a .75 million-gallon elevated water storage tank, a booster pumping station, and related appurtenances. The low bids totaled \$1,539,490 which will require about \$2,006,725 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. Kentucky-American should obtain approval from the Commission prior to performing any additional construction not expressly certificated by this Order.

5. Kentucky-American 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.

6. Kentucky-American should provide construction 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.

7. Kentucky-American 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.

IT IS THEREFORE ORDERED that:

1. Kentucky-American 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. Kentucky-American shall comply with all matters set out in Findings 3 through 7 as if the same were individually so ordered.

