

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WARREN COUNTY)
WATER DISTRICT FOR APPROVAL TO)
CONSTRUCT CERTAIN TRANSMISSION) CASE NO. 10271
FACILITIES)

O R D E R

By Order entered August 11, 1986, in Case No. 9606, The Application of Warren County Water District, Warren County, Kentucky, (A) For a Certificate of Convenience and Necessity Authorizing Said District to Construct Improvements and Extensions to its Existing Water Distribution System, and (B) For Authority to Issue Certain Securities as Required by KRS 278.300, the Warren County Water District ("Warren") was granted a certificate of convenience and necessity to make transmission system improvements and to provide service to about 288 applicants for service. The \$1,343,000 in project funds secured by Warren exceeded the needs for its project. This surplus presented Warren with an opportunity to make additional improvements to its water system. The Commission recognized this opportunity and approved Warren's \$1,343,000 plan of financing.

On May 26, 1988, Warren filed a letter requesting approval to make transmission system improvements using the remaining funds

approved in Case No. 9606. The instant case was established to consider the supplementary information instead of reopening Case No. 9606.

The drawings and specifications for the proposed improvements prepared by Warren Rural Electric Cooperative Corporation of Bowling Green, 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 Warren of its obligation to provide adequate and reliable service to all of its customers. Warren 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), Warren 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 Warren's application. A certificate of public convenience and necessity should be granted.

2. The proposed construction consists of approximately 1.3 miles of 12-inch diameter pipeline, a booster pumping station, and related appurtenances. The low bids totaled \$173,936 which will require about \$207,186 after allowances are made for fees, contingencies, and other indirect costs.

3. Warren 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), Warren 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. Warren should obtain approval from the Commission prior to performing any additional construction not expressly certificated by this Order.

6. Warren 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. Warren's contract with its Engineer should require the provision of 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.

8. Warren 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 \$207,186 in funds remaining from those approved by the Order entered August 11, 1986 in Case No. 9606 are the funds to be utilized by Warren for financing the construction herein proposed. The use of said funds by Warren for this purpose 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. Warren 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.

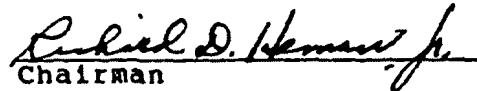
2. Warren's method of financing the proposed construction be and it hereby is approved.

3. Warren 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 19th day of July, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director