

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION AND NOTICE OF CAMPBELL COUNTY)
KENTUCKY WATER DISTRICT (A) TO ISSUE)
REVENUE BONDS IN THE APPROXIMATE PRINCIPAL)
AMOUNT OF \$5,535,000 (B) TO CONSTRUCT)
ADDITIONAL PLANT FACILITIES OF APPROXI-) CASE NO. 89-029
MATELY \$4,523,000 (C) NOTICE OF ADJUSTMENT)
OF RATES EFFECTIVE MAY 1, 1989)
(D) SUBMISSION OF LONG TERM WATER SUPPLY)
CONTRACT)

O R D E R

On March 31, 1989, Campbell County Kentucky Water District ("Campbell County") filed an application seeking a certificate of convenience and necessity to construct additional plant facilities totalling \$4.5 million, authorization to issue \$5,535,000 in revenue bonds, and approval to adjust its rates for water service. It also submitted for the Commission's review and approval a water supply contract which it had entered with Kenton County Water District No. 1 ("Kenton County").

Because the water supply contract and a significant portion of the construction proposed in Campbell County's application directly relate to pending litigation in Case No. 89-014,¹ the

¹ Case No. 89-014, City of Newport v. Campbell County Kentucky Water District and Kenton County Water District No. 1 And Charles Atkins and Steven J. Franzen v. Campbell County Kentucky Water District.

Commission, on its own motion, ordered that proceedings in this case be held in abeyance pending the resolution of Case No. 89-014. Following motions by Campbell County to expedite this case, the Commission on August 25, 1989 determined that both cases should proceed concurrently with the final order in each to be simultaneously issued.

Campbell County now moves for an interim order which grants a certificate of public convenience and necessity for the construction of a two million gallon water storage tank identified in its application as Project 89-3. As grounds for its motion, Campbell County states that it has received "a most favorable bid"² for the construction of the storage tank - approximately \$500,000 less than originally estimated - and that this bid will expire on September 30, 1989. It further states that failure to obtain a certificate at this time will not only result in loss of bid, but also significantly delay the water storage tank's construction as materials for the water storage tank must be ordered at least 5 months in advance.

All other parties³ to this proceeding have responded to the motion and have voiced no objection to Campbell County's motion.

² Letter from James Poston to Forest Skaggs (August 31, 1989) (discussing need for immediate Commission approval of the proposed water storage tank).

³ The other parties to this case are: the Attorney General of the Commonwealth of Kentucky, the city of Newport, Highland Heights Water and Sewer Commission, Steven J. Franzen, and Charles Atkins.

After review of the evidence of record and being sufficiently advised, the Commission is of the opinion and finds that:

1. Campbell County proposes to construct a two million gallon water storage tank to be located at Cold Springs, Kentucky.

2. The low bid on the proposed construction totals \$1,396,000 which will require approximately \$1,527,500 after allowances are made for fees, contingencies, and other indirect costs.

3. Drawings and specifications for the proposed water storage tank were prepared by Burgess & Nipple, Ltd. of Cincinnati, Ohio, and have been approved by the Division of Water, Kentucky Natural Resources and Environmental Protection Cabinet.

4. Public convenience and necessity require that the construction of the proposed water storage tank identified in Campbell County's application as Project 89-3 be performed and that a certificate of public convenience and necessity be granted.

5. Interim financing for the proposed water storage tank will be provided by internal funds and, if necessary, by the issuance of notes payable at period of not more than 2 years from the date thereof. Commission approval of this interim financing is not required. KRS 278.300(8).

6. The granting of Campbell County's motion will not prejudice or adversely affect the rights or interests of any party in this or any other proceeding.

IT IS THEREFORE ORDERED that:

1. Campbell County's motion for an interim order is granted.

2. Campbell County is granted a certificate of public convenience and necessity to proceed with the proposed construction project identified in the application as Project 89-3 as set forth in the drawings and specifications of record herein.

3. Any deviations of the construction herein approved which could adversely affect service to any customer shall be done only with the prior approval of the Commission.

4. Campbell County shall 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 shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

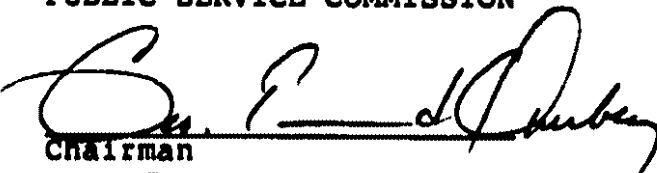
5. Campbell County's contract with its engineer shall require the provision of a full-time resident inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of construction trades involved in the project.

6. Campbell County shall require its engineer to furnish a copy of the "as-built" drawings and a signed statement that 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.

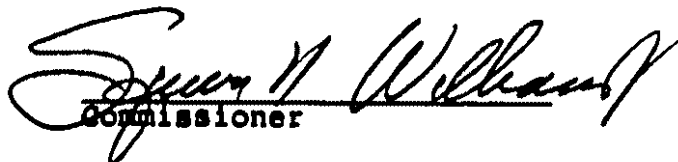
7. Nothing contained in this Order shall be construed as constituting approval of any other portion of Campbell County's application.

Done at Frankfort, Kentucky, this 29th day of September, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director