

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION AND NOTICE OF KENTON COUNTY )  
WATER DISTRICT NO. 1: (A) TO ISSUE )  
REVENUE BONDS IN THE APPROXIMATE PRINCIPAL )  
AMOUNT OF \$16,160,000 (A PORTION FOR )  
REFUNDING OF BOND ANTICIPATION NOTES); )  
(B) TO CONSTRUCT ADDITIONAL PLANT )  
FACILITIES OF APPROXIMATELY \$8,317,000; )  
(C) NOTICE OF ADJUSTMENT OF RATES )  
EFFECTIVE MAY 1, 1991; AND, (D) APPROVAL, )  
IF NECESSARY, OF CONTINUING MISCELLANEOUS )  
LONG-TERM INDEBTEDNESS )

CASE NO. 91-046

O R D E R

On March 28, 1991, Kenton County Water District No. 1 ("Kenton District") filed an application for, inter alia, a Certificate of Public Convenience and Necessity to construct additional plant facilities totaling \$8,317,000. Kenton District has since moved for an interim order for two of its proposed construction projects. After considering the motion and taking evidence on the proposed projects, the Commission grants the motion.

Kenton District seeks an interim order for two projects - Projects BB and DD. Project BB involves several improvements to Kenton District's Fort Thomas Water Treatment Plant, the most important being the construction of a sludge handling facility. Kenton District currently discharges sludge from its Fort Thomas Treatment Plant into a tributary stream of the Licking River. The Natural Resources and Environmental Protection Cabinet ("NREPC")

has found that Kenton District's method of disposal violates water quality regulations and has ordered it to construct the sludge handling facility. Once the facility is completed, sludge from the Fort Thomas Water Treatment Plant will be dewatered and then hauled to a local landfill for disposal.

Project DD involves the construction of a 42-inch raw water main. This main will transport water from Kenton District's Ohio River Pumping Station to the Fort Thomas Water Treatment Plant. Kenton District contends the main is needed by 1995 to ensure that an adequate volume of water can be pumped to the treatment plant during peak demand periods. It also maintains that the existing transmission mains to its treatment plant are in an unstable area and are extremely vulnerable to landslides. The proposed main would ensure continued water supply to the treatment plant.

Kenton District asserts that expedited treatment on both projects is required. In the case of Project BB, NREPC has ordered Kenton District to complete the facility no later than August 1993. To complete the facility by that date, construction must commence shortly.

As to Project DD, Kenton District asserts that immediate commencement of construction is imperative. The water district's project engineer testified that the existing raw water mains to the Fort Thomas Water Treatment Plant are extremely vulnerable. Both mains follow the same route and are at certain points approximately 40 feet below the streets of Fort Thomas where they run through a brick arch tunnel. Until recently, they laid atop each other. One main has slipped out of its saddle. The project

engineer testified that this slippage makes breakage more likely. Furthermore, if one main ruptures, a rupture in the other main is likely to follow.

Further complicating this situation is the geological features of the mains' existing route. They run along a hillside which has a steep grade and is subject to landslides. The rupture of either transmission main would cause severe erosion and likely lead to the displacement of both transmission mains. The hillside's condition, furthermore, now prevents the use of heavy equipment. In the event of a ruptured main, therefore, Kenton District is unlikely to be able to use the necessary repair equipment.

Any construction on Project DD must begin shortly. The route of the proposed raw water main passes through "Tower Park," a city park owned and operated by the city of Fort Thomas. The city of Fort Thomas has restricted Kenton District's construction work within the park to between November 1, 1991 and March 15, 1992. If the project is not completed by March 15, 1992, it cannot be completed until the following year. Kenton District contends that such an extended period will not only be costly, but also will place its water supply at risk.

Based upon the low bids submitted, and after allowances are made for fees, contingencies, and other indirect costs, the cost of Projects BB and DD is approximately \$5,093,000. Drawings and specifications for Project BB were prepared by Burgess & Nipple, Ltd. of Cincinnati, Ohio ("Engineer"), and have been approved by NREPC. Drawings and specifications for Project DD were prepared

by Viox & Viox, P.S.C. of Erlanger, Kentucky ("Engineer"), and have been approved by NREPC.

Public convenience and necessity require that the construction identified in Kenton District's application as Projects BB and DD be performed. Kenton District's motion should be granted.

IT IS THEREFORE ORDERED that:

1. Kenton District's motion for an interim order is granted.

2. Kenton District is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction projects identified in the application as Project BB and Project DD as set forth in the drawings and specifications of record herein.

3. Any deviations from the construction approved should be undertaken only with the prior approval of the Commission.

4. Kenton District 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. Kenton District's contract with its Engineers shall require the provision of a construction inspection under the general supervision of a professional engineer with a Kentucky

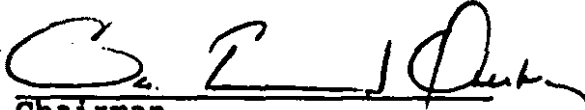
registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of construction trades involved in the project.

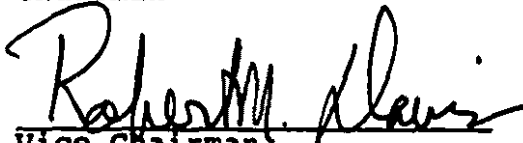
6. Kenton District shall require its Engineers to furnish a copy of the "as-built" drawings and a signed statement that construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

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

Done at Frankfort, Kentucky, this 6th day of September, 1991.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

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Commissioner

ATTEST:

  
Executive Director