

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF PIKEVILLE NATIONAL)	
BANK AND TRUST COMPANY OF PIKE COUNTY,)	
KENTUCKY, FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY AUTHORIZING)	94-219
AND PERMITTING SAID COMPANY TO CONSTRUCT)	
SEWAGE TREATMENT FACILITIES, COLLECTION)	
SEWERS, ETC.)	

O R D E R

Pikeville National Bank and Trust Company ("Pikeville National") filed its application on August 22, 1994 seeking a Certificate of Public Convenience and Necessity for the construction of sewage collection and treatment facilities to serve the Centennial Subdivision. The proposed construction consists of a 20,000-gallon per day wastewater treatment plant, a sewage collection system, and related appurtenances. Pikeville National will pay for the costs of this construction and recoup the costs through the sale of lots. The total project cost is estimated to be \$91,000. After construction Pikeville National proposes to file an additional application with the Commission for approval to transfer these sewage facilities to Mountain Water District ("Mountain") prior to operation. Mountain would then file its application to establish appropriate customer rates. Pikeville National and Mountain have filed an agreement wherein Mountain will assume ownership and control of the utility after necessary permits have been obtained.

Drawings for the proposed improvements prepared by Patrick M. Howard of Pikeville, Kentucky ("Engineer"), have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Public convenience and necessity require that the construction proposed be performed and that a Certificate of Public Convenience and Necessity be granted.

2. The proposed construction consists of a 20,000-gallon per day wastewater treatment plant, 2,330 feet of 8-inch sewers and miscellaneous appurtenances.

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

4. Pikeville National should obtain approval from the Commission prior to performing construction not expressly authorized by this Order.

5. Pikeville National should document the total costs 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. Construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Sewage Utilities prescribed by the Commission.

6. Pikeville National'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 plans and specifications and in conformance with the best practices of the construction trades involved in the project.

7. Pikeville National should require the Engineer to furnish 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 within 60 days of the date of substantial completion of this construction.

8. Pikeville National has agreed to sell, and Mountain has agreed to purchase, the sewage treatment system for \$1 contingent upon completion of construction of the proposed system and the issuance of all necessary licenses and permits by the Commonwealth prior to providing service. Pikeville National and Mountain will file a joint application.

9. Mountain, as a water district organized under the provisions of KRS Chapter 74, is a political subdivision of the Commonwealth.

10. As a political subdivision of the Commonwealth, Mountain has sufficient financial integrity to ensure the continuity of sewage service. A copy of a valid third-party beneficiary agreement guaranteeing the continued operation of the proposed sewage treatment system is therefore not required.

IT IS THEREFORE ORDERED that:

1. Pikeville National is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction as set forth in the plans of record herein.

2. If the proposed transfer does not occur, the sewage treatment system shall not begin operation until Pikeville National has submitted a valid third-party beneficiary agreement or other proof of financial integrity to ensure continuity of sewer service as required by Commission regulations.

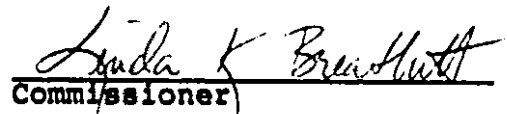
3. Pikeville National shall comply with requirements contained in Findings 3 through 7.

Done at Frankfort, Kentucky, this 19th day of September, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director