

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CARROLL COUNTY WATER)
DISTRICT NO. 1 OF CARROLL, GALLATIN AND)
OWEN COUNTIES, KENTUCKY, FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE AND) CASE NO. 95-298
NECESSITY TO CONSTRUCT, FINANCE AND)
INCREASE RATES PURSUANT TO KRS 278.023)

O R D E R

On July 12, 1995, Carroll County Water District No. 1 ("Carroll No. 1") filed an application for a Certificate of Public Convenience and Necessity to construct a \$1,077,000 waterworks improvement project, for approval of its plan of financing for the project, and for adjustment to its water service rates. The project will provide service to 207 additional customers. Project funding includes a \$1,072,000 bond issue to be purchased pursuant to an agreement with the U.S. Department of Agriculture's Rural Economic and Community Development ("RECD"), formally known as Farmers Home Administration, and \$5,000 from applicants for service in the proposed project area.

Carroll No. 1's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Carroll No. 1 has not met, as of this date, minimum filing requirements set out in KRS 278.023. Carroll No. 1 has not

provided the RECD letter of concurrence in bid award as required by 807 KAR 5:069, Section 3(b). Although the Commission cannot approve the entire project because there is no final financial agreement between the utility and RECD, we will, under the authority granted to us by KRS 278.020, approve a phase of the project on an interim emergency basis.

Carroll No. 1 has requested immediate approval of proposed construction to alleviate a county water supply emergency recently declared by Carroll County Fiscal Court. Carroll No. 1 seeks approval to install a vertical turbine well pump and appurtenances to serve an existing well and to construct 3,575 linear feet of 12-inch and 8-inch water main to connect the facility to its existing water distribution system.

The estimated cost of this emergency construction will total \$178,600. The project will be financed initially by an interim construction loan of \$173,600 and Carroll No. 1 funds of \$5,000. The cost of this initial construction project will be included in Carroll No. 1's final financial agreement with RECD.

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

1. Due to the declared water supply emergency, Carroll No. 1 proposes to construct \$178,600 water system improvements consisting of the pumping facilities and additional water mains described above.

2. Drawings and specifications for the proposed construction were prepared by SIECO, Inc. ("Engineers") and have been approved

by the Division of Water, Kentucky Natural Resources and Environmental Protection Cabinet.

3. Public convenience and necessity require that the emergency construction identified in Carroll No. 1's application be performed and that interim construction and financing approval be granted.

4. The emergency financing plan proposed by Carroll No. 1 is for lawful objects within the corporate purpose of its utility operation, is necessary and appropriate for and consistent with the proper performance of the utility's service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose. It should, therefore, be approved on an interim basis.

5. Carroll No. 1's application filed pursuant to KRS 278.023 is deficient and the minimum filing requirements required by the statute and 807 KAR 5:069 have not been met. Carroll No. 1's application should, therefore, be retained on the Commission's docket pending the filing of the required documents.

IT IS THEREFORE ORDERED that:

1. Carroll No. 1 be and hereby is granted interim construction approval to proceed with the proposed emergency construction project consisting of pumping facilities and 3,575 feet of pipeline as set forth in the drawings and specifications of record herein.

2. Carroll No. 1's application pursuant to KRS 278.023 shall be retained by the Commission pending the filing of the required documents.

3. Carroll No. 1 shall monitor the adequacies 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 5(1), Carroll No. 1 shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

4. Carroll No. 1 shall only install fire hydrants in those instances where the installation complies with the requirements of 807 KAR 5:066, Section 10(2)(b).

5. Carroll No. 1 shall obtain approval from the Commission prior to deviating from the construction approved or performing any additional construction not expressly authorized by this Order.

6. Carroll No. 1 shall require the emergency construction to be inspected 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. Carroll No. 1 shall furnish documentation of 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 complete. Construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

8. Carroll No. 1 shall furnish, within 60 days of the date of substantial completion of this construction, a copy of "as-built" drawings and a signed statement that the construction has been satisfactory completed in accordance with the contract plans and specifications.

9. Nothing contained herein shall be construed as constituting approval of any other portion of Carroll No. 1's application.

10. Carroll No. 1 shall file, within 30 days of the date of this Order, the financing documents required to complete its application, or in the alternative if those documents are not available it shall file a report advising the Commission of the status of its RECD agreement.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 13th day of July, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director