

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SOUTHEASTERN WATER)	
ASSOCIATION OF PULASKI COUNTY, KENTUCKY,)	
FOR A CERTIFICATE OF PUBLIC CONVENIENCE)	CASE NO. 2000-332
AND NECESSITY FOR THE CONSTRUCTION OF)	
HWY 39 REINFORCEMENT LINE AND APPROVAL)	
OF PROPOSED PLAN OF FINANCING)	

ORDER

On June 26, 2000, Southeastern Water Association ("Southeastern Water") applied for a Certificate of Public Convenience and Necessity to construct a \$174,770 waterworks improvement project and approval of its plan for financing the proposed construction. Deficiencies were cured on August 25, 2000, therefore the proper filing date is August 25, 2000. Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. The proposed project involves the construction of 16,000 linear feet of 8-inch PVC water transmission main and appurtenances along Kentucky Highway 39 beginning near Bald Knob and terminating approximately at Coleman Road, in Pulaski County, Kentucky.

2. Because of the existing transmission lines and growth in the area, Southeastern Water customers are experiencing low water pressure in the high elevation areas of Kentucky Highway 39. Recently, Southeastern Water declared an emergency because of the low water pressure in this area.

3. The proposed transmission main will improve the hydraulics to the Bandy Tank and will permit that water storage tank to operate in a more efficient manner.

4. Kenvirons, Inc. of Frankfort, Kentucky prepared the engineering drawings and specifications for the proposed reinforcement project.

5. The Division of Water of the Kentucky Natural Resources and Environmental Protection Cabinet has approved the drawings and specifications for the proposed waterworks improvement project.

6. The estimated total cost of the proposed waterworks improvement project is \$174,770.

7. Construction of the proposed waterworks improvement project will neither result in the wasteful duplication of any existing utility facilities nor compete with any other utility.

8. Public convenience and necessity require construction of the proposed project.

9. Southeastern Water will initially finance the proposed construction with the proceeds of a \$200,000 two-year note from Citizens National Bank, Somerset, Kentucky. The interest rate from the loan is based wholly upon the "New York Prime Rate Floating." The initial interest rate is 9.5 percent. The rate will automatically change as the "New York Prime Rate Floating" changes.

10. The proposed construction is part of a larger construction project for which the Kentucky Department of Local Government, the Appalachian Regional Commission, and Pulaski County Fiscal Court have committed funds. Rural Development, an agency of the United States Department of Agriculture, has tentatively agreed to commit funds for this project, but will not make any formal commitment until after October 1, 2000. Upon the receipt of this funding, Southeastern Water intends to retire the two-year note.

11. Because the note to Citizens National Bank is payable within two years, the proposed method of financing does not require Commission approval. KRS 278.300(8).

IT IS THEREFORE ORDERED that:

1. Southeastern Water is granted a Certificate of Public Convenience and Necessity to construct the proposed waterworks improvement project as set forth in its application.

2. Southeastern Water shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

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

4. Southeastern Water 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 completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

5. Southeastern Water shall require the proposed construction to be inspected under the general supervision of a professional engineer with Kentucky licensure, competent to practice 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.

6. Southeastern Water shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

7. Southeastern Water shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction approved herein.

8. Southeastern Water's application for authorization for its plan of financing the proposed construction is denied as moot.

9. Should Southeastern Water renew the proposed note to Citizens National Bank for a period exceeding that set forth in KRS 278.300, it shall apply for prior Commission approval for such action.

Done at Frankfort, Kentucky, this 2nd day of October, 2000.

By the Commission

ATTEST:


Executive Director