

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE BREATHITT COUNTY)	
WATER DISTRICT FOR A CERTIFICATE OF)	CASE NO.
PUBLIC CONVENIENCE AND NECESSITY TO)	2012-00481
CONSTRUCT PURSUANT TO KRS 278.020)	

O R D E R

Breathitt County Water District (“BCWD”) has applied for a Certificate of Public Convenience and Necessity (“Certificate”) for a waterworks improvement project.¹ Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. BCWD, a water district organized pursuant to KRS Chapter 74, owns and operates facilities that distribute water to approximately 1,174 customers in Breathitt County, Kentucky.² It purchases its total water requirements from the City of Jackson, Kentucky.³
2. BCWD proposes to construct approximately 12.5 miles of 10-inch through 4-inch water transmission mains, a duplex pumping station, a 132,000-gallon water storage tank and related appurtenances. The proposed construction project is known

¹ BCWD tendered its application on October 30, 2012. On November 16, 2012, it supplemented its application by submitting to the Commission a copy of the plans and specifications for the proposed project. With this submission, BCWD’s application complied with 807 KAR 5:001 and was accepted as filed. No persons or entities have intervened in this matter. The Commission has received no requests for hearing and finds the record is complete.

² *Annual Report of Breathitt County Water District to the Public Service Commission of Kentucky for the Year Ending December 31, 2011* at 5 and 27.

³ *Id.* at 29 and 31.

as Frozen Creek Phase I, and it will serve approximately 104 new customers in the Frozen Creek area of northwestern Breathitt County.

3. The proposed construction is in the public interest and is needed to extend potable water to existing residents who currently have no access to public potable water. Most of the residents within the project area use well water for domestic use. A study performed by the Kentucky Division of Abandoned Mine Lands (“AML”) found that groundwater in the Frozen Creek area of Breathitt County has been impacted by AML-eligible mining. The study identified impacts from pre-law and interim coal mining as factors contributing to the reported groundwater problems.

4. Total cost of the proposed project is \$3,000,000.

5. The proposed project will be funded with a \$3,000,000 grant awarded by the U.S. Department of the Interior and administered by the Kentucky Energy and Environment Cabinet.

6. Nesbitt Engineering, Inc., of Lexington, Kentucky, prepared the plans and specifications for the proposed project.

7. The Division of Water of the Kentucky Energy and Environment Cabinet has approved the plans and specifications for the proposed project.

8. The proposed construction will not result in wasteful duplication of existing facilities.

9. The proposed construction does not conflict with any existing Certificates or the service of any other utility operating in the area.

10. The public convenience and necessity require the proposed construction.

IT IS THEREFORE ORDERED that:

1. BCWD is granted a Certificate to proceed with the Frozen Creek Phase I proposed construction as set forth in its application.

2. BCWD shall notify 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.

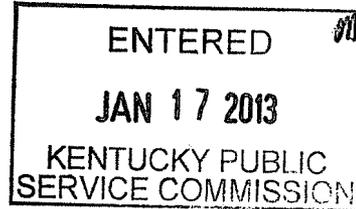
4. BCWD shall file with the Commission documentation of the total costs of this project, including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.), within 60 days of the date that construction is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

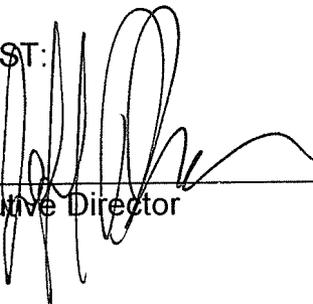
5. BCWD shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

6. BCWD shall require construction to be inspected under the general supervision of a licensed professional engineer, with a Kentucky registration in civil, electrical, 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. Any documents filed in the future pursuant to ordering paragraphs 4 and 5 shall reference this case number and shall be retained in the utility's general correspondence file.

By the Commission



ATTEST:


Executive Director

Honorable Brendon D Miller
Attorney at Law
1149 Main Street
Jackson, KENTUCKY 41339