

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BREATHITT COUNTY WATER )  
DISTRICT FOR A CERTIFICATE OF PUBLIC ) CASE NO. 2012-00506  
CONVENIENCE AND NECESSITY TO )  
CONSTRUCT PURSUANT TO KRS 278.020 )

ORDER

Breathitt County Water District ("Breathitt District") has applied for a Certificate of Public Convenience and Necessity to construct a waterworks construction project. Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. Breathitt District, a water district organized pursuant to KRS Chapter 74, owns and operates water distribution facilities that serve approximately 1,286 customers in Breathitt County, Kentucky.<sup>1</sup>

2. Breathitt District proposes a water main extension project known as "KY 3237 Canoe Road Waterline Extension Phase II." This project consists of the construction and installation of approximately 2,890 linear feet of 8-inch polyvinyl chloride ("PVC") water main, 37,800 linear feet of 6-inch PVC water main, 36,250 linear feet of 4-inch PVC water main, and 1,500 linear feet of 2-inch PVC water main. It also involves certain improvements to Breathitt District's KY 30 West booster station.<sup>2</sup>

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<sup>1</sup> *Annual Report of Breathitt County to the Public Service Commission for the Calendar Year Ended December 31, 2012* at 5, 27.

<sup>2</sup> This project description is based upon the description set forth in the Project's Contract and Technical Specifications as modified by a contract change order that Breathitt District's engineer issued on September 25, 2012.

3. The KY 3237 Canoe Road Waterline Extension Phase II project is expected to provide water service to 115 customers.<sup>3</sup> The project has a customer density of approximately 7.75 customers per mile.

4. No water utility presently provides water service in the area to which Breathitt District will extend water service.

5. Residents in the area to which Breathitt District proposes to extend service currently obtain their water through private wells. Water from these wells is extremely hard and contains noticeable amounts of iron.<sup>4</sup>

6. The estimated total cost of the proposed project, including construction cost, contingencies, engineering and inspection fees, is approximately \$1,512,003.

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

8. The Kentucky Division of Water has approved the plans and specifications for the proposed project.<sup>5</sup>

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<sup>3</sup> Application Attach. 7. See also Application Attach. 3 (showing that Breathitt District had requested bids for 115 radio read meters).

<sup>4</sup> Nesbitt Engineering, Inc., "Breathitt County Water District Canoe Road Waterline Extension Phase II Waterline – Preliminary Engineering Report Amended to Final" (Oct. 2012) (filed Nov. 20, 2012) at 3.

<sup>5</sup> Letter from Mark Rasche, Supervisor, Kentucky Division of Water, to Bobby Thorpe, Chairman, Breathitt County Water District (June 18, 2013).

9. Breathitt County proposes to fund the proposed project with \$485,000 from the proceeds of a U.S. Environmental Protection Agency grant<sup>6</sup> and \$1,054,350 from the proceeds of a loan from the Kentucky Infrastructure Authority.<sup>7</sup>

10. The proposed project will not compete or conflict with the facilities of other jurisdictional utilities operating in the same area.

11. The proposed project will not result in the wasteful duplication of utility facilities or excessive investment.

12. The public convenience and necessity require the construction of the proposed KY 3237 Canoe Road Waterline Extension Phase II project.

IT IS THEREFORE ORDERED that:

1. Breathitt District is granted a Certificate of Public Convenience and Necessity to proceed with the proposed KY 3237 Canoe Road Waterline Extension Phase II Project as set forth in its application.

2. Breathitt District 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 approval of the Commission.

4. Breathitt District 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

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<sup>6</sup> U.S. Environmental Protection Agency Grant Agreement No. XP-95492012 (awarded Sept. 26, 2012).

<sup>7</sup> Kentucky Infrastructure Authority Loan No. F11-07. The proposed project is identified in the Water Resource Information System as Project No. WX21025021. The Commission has previously approved Breathitt District's execution of an Assistance Agreement with KIA for the loan. Case No. 2011-00399, *Application of Breathitt County Water District for Authority to Enter Into a Loan Agreement with the Kentucky Infrastructure Authority* (Ky. PSC Dec. 27, 2011).

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. Breathitt District shall file with the Commission 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 substantial completion of the construction certificated herein.

6. If any surplus from the budgeted funds remains upon completion of the proposed project, Breathitt District shall advise the Commission in writing of this fact within 60 days of substantial completion of the construction.

7. If the estimated total cost of the proposed project is revised, Breathitt District shall within 10 days of such revision file with the Commission written notice of the revised cost and the reasons for such revision.

8. Breathitt District shall require the 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.

9. Any documents filed pursuant to ordering paragraphs 4, 5, 6, and 7 shall reference this case number and shall be retained in the utility's general correspondence file.

10. The Executive Director shall cause a copy of this Order to be served upon KIA.

By the Commission

ENTERED  
AUG 06 2013  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

Case No. 2012-00506

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