



COMMONWEALTH OF KENTUCKY  
**PUBLIC SERVICE COMMISSION**

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(502) 564-3940

April 27, 1998

Mr. Elmo Dugger  
West Laurel Water Association  
1670 Daniel Boone Parkway  
P. O. Box 726  
London, Kentucky 40743

Dear Mr. Dugger:

Commission Staff is in receipt of your letter of April 16, 1998 regarding proposed construction of a water main.

In your letter and telephone conversations with Commission Staff, you stated the following facts: A real estate developer proposes to construct 4400 linear feet of six-inch water main which will be connected to West Laurel Water Association's ("West Laurel") water distribution system. The developer will construct the pipeline. West Laurel officials will inspect pipeline and offer some technical assistance. Total cost of this proposed connection is approximately \$37,000. The developer will bear the total cost of this project. West Laurel will not make any contribution towards the cost of the proposed line or assist in financing its costs. West Laurel's rates for water service will not be affected by the proposed line's construction.

In your letter and your telephone conversations with Commission Staff, you present the following issue: Must West Laurel obtain a certificate of public convenience and necessity to construct the proposed water main?

KRS 278.020(1) states:

No person, partnership, public or private corporation, or combination thereof shall begin the construction of any plant, equipment, property or facility for furnishing to the public any of the services enumerated in KRS 278.010, except retail electric suppliers for service connections to electric-consuming facilities located within its certified territory and **ordinary extensions of existing systems in the usual course of business**, until such person has obtained from the

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Public Service Commission a certificate that public convenience and necessity require such construction.

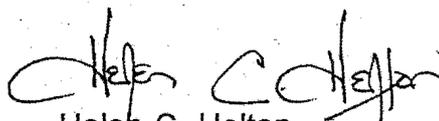
Administrative Regulation 807 KAR 5:001, Section 9(3), states:

Extensions in the ordinary course of business. No certificate of public convenience and necessity will be required for extensions that do not create wasteful duplication of plant, equipment, property or facilities, or conflict with the existing certificates or service of other utilities operating in the same area and under the jurisdiction of the commission that are in the general area in which the utility renders service or contiguous thereto, and that do not involve sufficient capital outlay to materially affect the existing financial condition of the utility involved, or will not result in increased charges to its customers.

Based upon the facts presented in your letter and telephone conversations, Commission Staff is of the opinion that the proposed construction is an ordinary extension of an existing utility system and, therefore, does not require a certificate of public convenience. The proposed main does not represent a major addition to West Laurel's utility plant. As of December 31, 1997, West Laurel had over 131 miles of water mains and net utility plant of approximately \$2.7 million. The proposed main represents an addition of less than 1.6 percent to West Laurel's utility plant. It does not involve sufficient capital outlay to materially affect West Laurel's existing financial condition or rates for water service.

This letter represents Commission Staff's interpretation of the law as applied to the facts presented. This opinion is advisory in nature and not binding on the Commission should the issues herein be formally presented for Commission resolution. Questions concerning this opinion should be directed to Gerald Wuetcher, Commission counsel, at (502) 564-3940, Extension 259.

Sincerely,



Helen C. Helton  
Executive Director

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