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September 6, 2000

Mr. James C. Porter
Ohio County Water District
130 East Washington Street
Hartford, Kentucky 42347

Re: Water Line Extensions
Ohio County Water District

Dear Mr. Porter:

Commission Staff acknowledges receipt of your letter of August 25, 2000 regarding a proposed arrangement between Ohio County Water District ("Ohio District") and Ohio County Fiscal Court to finance the construction of certain water main extensions.

In your letter and in a subsequent telephone conversation with Commission Staff, you stated the following facts: Ohio County Fiscal Court has offered to finance several water main extensions in Ohio County, Kentucky. Under its proposal, Ohio County Fiscal Court will identify and finance certain water main extensions. Ohio District will solicit bids on these extensions, select the contractor to perform the construction, and supervise the construction. It will also provide all construction materials. Ohio County Fiscal Court will reimburse Ohio District for all costs. Upon completion of construction, Ohio District will assume ownership and responsibility for the water mains. Ohio District anticipates the total cost of each extension will not exceed \$100,000.

Your letter poses the following issue: What regulatory approvals, if any, must Ohio District obtain from the Public Service Commission?

KRS 278.020(1) provides:

No person, partnership, public or private corporation, or combination thereof shall commence providing utility service to or for the public or 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 Public Service Commission a certificate that public convenience and necessity require such construction.

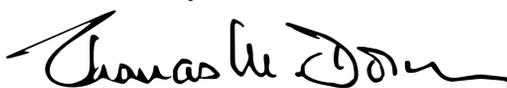
Administrative Regulation 807 KAR 5:001, Section 9(3) further provides:

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 of 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 set forth above, Commission Staff is of the opinion that individual water main extensions contemplated under Ohio County Fiscal Court's proposal would not involve sufficient capital outlay to materially affect Ohio District's existing financial condition and therefore should be considered as extensions in the ordinary course of business and would not require a Certificate of Public Convenience and Necessity.

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, Assistant General Counsel or James Rice, Staff Engineer, at (502) 564-3940.

Sincerely,



Thomas M. Dorman
Executive Director