



*Jerry*

**Paul E. Patton, Governor**

**Ronald B. McCloud, Secretary  
Public Protection and Regulation  
Cabinet**

**Thomas M. Dorman  
Executive Director  
Public Service Commission**

**COMMONWEALTH OF KENTUCKY  
PUBLIC SERVICE COMMISSION  
211 SOWER BOULEVARD  
POST OFFICE BOX 615  
FRANKFORT, KENTUCKY 40602-0615  
www.psc.state.ky.us  
(502) 564-3940  
Fax (502) 564-3460**

**Martin J. Huelsmann  
Chairman**

**Gary W. Gillis  
Vice Chairman**

**Robert E. Spurlin  
Commissioner**

March 21, 2002

Mr. Bradley Wilson  
East Laurel Water District  
P.O. Box 726  
London, Kentucky 40743

Re: East Laurel Water District Water Main Extension

Dear Mr. Wilson:

Commission Staff is in receipt of your letter of March 1, 2002 regarding the need for a certificate of public convenience for a water main extension that East Laurel Water District ("East Laurel District") proposes to construct.

In your letter and in a subsequent telephone conversation with Commission Staff, you presented the following facts: East Laurel District proposes to construct approximately 2,940 feet of 3-inch polyvinyl chloride ("PVC") water main. The estimated total cost of this water main extension is \$8,200. East Laurel will finance the cost of the water main extension with \$558 (or approximately 200 feet of the proposed extension) through internally generated funds and with customer contributions of \$7,642. East Laurel District will not issue any evidences of indebtedness or securities to finance the construction, nor will it adjust existing rates for water service. The proposed facilities will not provide water service in areas that other utilities are presently serving. The proposed water main extension will serve two households.

Your letter poses the following issue: Is East Laurel District required to obtain a certificate of public convenience and necessity for the proposed extension?

KRS 278.020(1) provides:

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



Mr. Bradley Wilson  
March 21, 2002  
Page 2

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 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, Commission Staff is of the opinion that the proposed construction is an extension in the ordinary course of business and does not require a certificate of public convenience and necessity. According to its Annual Reports for Calendar Year 2000, East Laurel District has net utility plant of \$7,401,145. The proposed construction, therefore, represents an increase of approximately .0011 percent in East Laurel District's utility plant. Commission Staff considers such an increase in net utility plant to be ordinary.

In your letter, you request that the Commission approve the water main extension arrangement that East Laurel District is using. Administrative Regulation 807 KAR 5:066, Section 11(4), permits a water utility to make extensions under arrangements that differ from those prescribed in Administrative Regulation 807 KAR 5:066 if prior Commission approval is received. By copy of this letter, I am referring the matter to the Commission for a formal adjudication of your request.

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, at (502) 564-3940, Extension 259.

Sincerely,



Thomas M. Dorman  
Executive Director

cc: Filings Division