

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF RESIDENTS OF)
MORGAN COUNTY, KENTUCKY, FOR A PRE-)
LIMINARY HEARING TO DETERMINE THE) CASE NO. 9158
DESIRABILITY OF THE FORMATION OF A)
WATER ASSOCIATION)

O R D E R

On October 11, 1984, the Public Service Commission received an application signed by five resident freeholders of Morgan County, Kentucky, desiring the formation of a water association to be known as the Ezel Water Association. The proposed area was indicated on an accompanying map to consist of that portion of Morgan County west of the City of West Liberty along U.S. Highway 460. The application designated Mr. Robert Motley as the spokesman for the petitioners.

A hearing was held on April 30, 1985, in the offices of the Public Service Commission, Frankfort, Kentucky. Mr. Motley stated that the applicants wished to amend their application to request permission to form a water district rather than a water association. A feasibility study of the proposed water association that had been prepared by a staff engineer of the Commission was introduced into evidence. The staff engineer's report concluded that consideration should be given to serving the residents of the proposed service

area through one of the existing water utilities--City of West Liberty or Magoffin County Water District. The report recommended that the Ezel Water Association not be established. The April 30 hearing was adjourned in order to allow additional testimony from persons not then present. The hearing was reconvened on June 18, 1985. Mr. Homer Rose, Mayor of the City of West Liberty, stated that West Liberty's water plant had adequate capacity to serve the proposed service area. Mayor Rose further expressed his opinion that the City of West Liberty would be willing to extend water service to residents of Morgan County outside the city limits of West Liberty if acceptable financial arrangements could be made. However, on July 16, 1985, the City of West Liberty filed, by counsel, a statement that the City does not desire at this time to undertake any type of expansion of its system outside its immediate service area.

The Commission, after consideration of the record and being advised, is of the opinion and finds that:

1. There is a definite need for a water distribution system in the Ezel area of Morgan County.
2. The City of West Liberty has adequate water treatment capacity to provide potable water to the area.
3. The City of West Liberty and the Magoffin County Water District both operate existing water systems in the vicinity of the proposed service area.

4. The taxpayers and water service customers of the City of West Liberty are paying the costs of operating and maintaining a water treatment plant that is larger than is necessary. Additional water service customers would generate increased revenues to the City of West Liberty.

5. The City of West Liberty is eligible for the same loans and grants to construct a water system to serve the area proposed that are available to a water district or association.

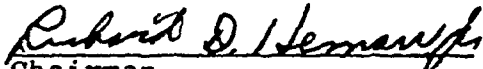
6. The geographical area sought to be served by the proposed Ezel Water Association can be served more feasibly by the City of West Liberty. The City of West Liberty should join with the petitioners and other interested parties in applying for federal funds and assistance to extend water service to the Ezel area of Morgan County.


7. The Ezel Water Association as proposed is not a financially viable organization for operating and maintaining a water system and should not be established.

IT IS THEREFORE ORDERED that the application of the residents of Morgan County, Kentucky, to form either a water association or a water district be and it hereby is denied.

Done at Frankfort, Kentucky, this 26th day of July, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

not participating
Commissioner

ATTEST:

Secretary