

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SHADY VILLA SEWER )  
CONSTRUCTION DISTRICT FOR A CER- ) CASE NO. 9258  
TIFICATE OF PUBLIC CONVENIENCE )  
AND NECESSITY )

O R D E R

The Shady Villa Sewer Construction District ("Shady Villa") filed an application on December 21, 1984, seeking Commission approval of its proposed sewage treatment plant renovation work and a proposal for financing the \$58,000 estimated cost of the work. Shady Villa proposed the continuance of interim rates beyond January 1, 1985,<sup>1</sup> and the escrowing of certain revenues generated by the interim rates as its method for financing the proposed work.

Shady Villa's interim rate was granted to cover the period of time needed for the generation of revenue through implementation of the property assessment provisions of its bond ordinance. The August 25, 1983, Order set a termination date of January 1, 1985, on the basis of the following opinion:

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<sup>1</sup> The Matters of Case No. 8717 - The Adjustment of Rates of Shady Villa Sewer Construction District - and Case No. 8816 - Public Service Commission vs. Shady Villa Sewer Construction District - were addressed by an Order entered August 25, 1983. Said Order set the interim rate for Shady Villa.

Based on the evidence of record herein, the Commission cannot determine a fair and equitable rate, exclusive of the assessment revenue, that should be charged to Shady Villa's customers subsequent to January 1, 1985. . . .

This opinion is also applicable in the instant case.

Findings 3, 4 and 5 of the Order entered August 25, 1983, in Case Numbers 8717 and 8816 were as follows:

(3) Shady Villa should perform the necessary repairs and improvements in order to provide adequate and efficient service as required by KRS 278.030.

(4) Shady Villa should investigate sources for financing the proposed repairs and improvements and select the best source of financing for its purposes.

(5) Shady Villa should request approval to perform the proposed repairs and improvements based on the following minimum information when available: plans, specifications, bid tabulations and a plan of financing in accordance with finding number 4 herein.

The work proposed by Shady Villa in the instant case corresponds with the work identified in the proceedings of Case Number 8717 and should be accomplished.

Shady Villa stated that its efforts to borrow money for the proposed project had failed because it could not meet minimum requirements for securing a loan. In its arguments for continuation of the interim rate, Shady Villa stated that the revenue produced by its operating service rates was the only money available for any purpose other than the retirement of its revenue bonds. If Shady Villa is

seeking adjustments to its rates, then compliance with the requirements of 807 KAR 5:001 must be met before any consideration of such proposals can be made by the Commission.

The Commission, after considering the application in this matter and the record of cases 8717 and 8816 and being advised, is of the opinion and finds that:

1. Public convenience and necessity require that the work proposed in the application be performed and that a certificate of public convenience and necessity be granted.

2. Shady Villa should establish a detailed plan of action for proceeding with the work proposed in its application. This plan should include a clearly defined method to provide the funds to pay for the work.

3. The plan of action described in finding number 2 should be filed with the Commission within 60 days of the date of this Order.

IT IS THEREFORE ORDERED that Shady Villa be and it hereby is granted a certificate of public convenience and necessity for proceeding with the work proposed in the application in this matter.

IT IS FURTHER ORDERED that a plan of action shall be established in accordance with finding number 2 herein and a copy filed with the Commission in accordance with finding number 3.

Done at Frankfort, Kentucky, this 15th day of November, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Hemmick  
Chairman

Russell H. Isgrig, Jr.  
Vice Chairman

James N. Williams  
Commissioner

ATTEST:

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Secretary