

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE BRONSTON)
WATER ASSOCIATION, INC., A NON-)
PROFIT CORPORATION INCORPORATED)
PURSUANT TO CHAPTER 273 OF THE)
KENTUCKY REVISED STATUTES, WHICH)
HAS ITS PRINCIPAL PLACE OF BUSINESS)
IN PULASKI COUNTY, KENTUCKY, FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY, AUTHORIZING AND) CASE NO. 9341
PERMITTING SAID ASSOCIATION TO)
CONSTRUCT A WATERWORKS CONSTRUCTION)
PROJECT CONSISTING OF EXTENSIONS TO)
THE EXISTING WATERWORKS SYSTEM OF)
THE ASSOCIATION WITH FUNDS FROM)
FINANCING PREVIOUSLY APPROVED BY)
THE COMMISSION ON APRIL 17, 1981,)
IN CASE NO. 8159)

O R D E R

The Bronston Water Association ("Bronston Water"), by application filed May 14, 1985, is seeking a certificate of convenience and necessity for construction of water main extensions and approval of its financing for this construction. No increase in rates is proposed in the application. The work has been completed at a cost of \$128,711. Bronston Water's financing includes \$8,700 in connection fees from those served by the construction, \$13,393 of its cash reserves and \$106,618 in Farmers Home Administration ("FmHA") funds. The said funds are those remaining from an FmHA allocation for a storage tank project completed in

1982. Exceptionally competitive bids for the tank's construction left Bronston Water with funds for additional construction. The Commission's Order entered April 17, 1981, in Case No. 8159 granted a certificate of convenience and necessity for construction of the tank, recognized that the project's financing exceeded its cost and advised Bronston Water of its obligation to obtain Commission approval before proceeding with any additional construction. Bronston Water, however, did not comply with this part of the Order entered in Case No. 8159 and is now seeking approval for construction already completed.

The plans for Bronston Water's construction as prepared by Vaughn and Melton Consulting Engineers of Middlesboro, Kentucky, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

A hearing was held in the offices of the Public Service Commission in Frankfort, Kentucky, on July 9, 1985, and no protests were entered.

UTILITY CONSTRUCTION WITHOUT COMMISSION APPROVAL

Bronston Water did not obtain a certificate of convenience and necessity before beginning the construction work addressed by this Order. This was a violation of KRS 278.020 and of an Order of this Commission entered April 17, 1981, in Case No. 8159. Bronston Water should be admonished for such actions and further, should be advised that the

Commission has authority under KRS 278.990 to impose penalties upon any officer, agent or employee of Bronston Water for violations of the provisions of KRS 278.020. The maximum penalty provided by KRS 278.990 is a fine of \$1,000 or imprisonment for 6 months.

FINDINGS AND ORDERS

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

1. The public convenience and necessity required performance of the construction described in the application and record and a certificate of public convenience and necessity should, therefore, be granted.

2. The construction work included 2,265 feet of 8-inch water main, 13,100 feet of 3-inch water main, gate valves and other miscellaneous appurtenances thereto. It provided metered service connections to 29 applicants for water service. It required \$117,633 for construction and a total project scope of \$128,710, including \$11,078 in fees for engineering and legal services.

3. The financing secured by Bronston Water for this project was needed to pay for the work herein approved. Bronston Water's project financing should, therefore, be approved.

4. Bronston Water assumed responsibility for supervision of construction and relieved the Engineer of this obligation for this project.

5. Bronston Water should, within 60 days of the date of this Order, furnish the Commission with a copy of the record plans and a signed statement by its inspector that the construction was satisfactorily completed in accordance with the contract plans and specifications.

6. Bronston Water should file with the Commission a copy of all contractual agreements for the provision of services or the purchase of services which are subject to the approval of this Commission.

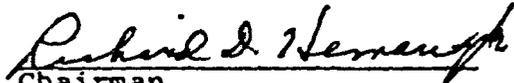
IT IS THEREFORE ORDERED that Bronston Water be and it hereby is granted a certificate of public convenience and necessity for the water mains extension project set forth in the plans and specifications of record herein reviewed and approved.

IT IS FURTHER ORDERED that Bronston Water be and it hereby is admonished for performing utility construction without a certificate of public convenience and necessity. This action by Bronston Water was in violation of KRS 278.020 and an Order of this Commission entered April 17, 1981, in Case No. 8159.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein authorized.

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

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

not participating
Commissioner

ATTEST:

Secretary