

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

WEST SHELBY WATER DISTRICT)	
)	
_____)	CASE NO.
)	89-342
ALLEGED VIOLATION OF KRS 278.020)	

O R D E R

On or about March 20, 1989, West Shelby Water District ("West Shelby") began construction of water pipelines and a water storage tank without first having obtained a Certificate of Public Convenience and Necessity from the Commission. The Commission became aware of the construction on October 13, 1989 when West Shelby filed an application for that certificate. On November 22, 1989, the Commission entered a Show Cause Order for the alleged violation by West Shelby of KRS 278.020(1). West Shelby and Commission Staff ("Staff") held an informal conference on January 30, 1990 and agreed to the Stipulation of Facts and Proposed Settlement ("Proposed Settlement") which is attached as Appendix A hereto. West Shelby and Staff understood that the Commission would not be bound by that Proposed Settlement.

Having reviewed the Proposed Settlement and being otherwise sufficiently advised, the Commission finds that the proposed settlement is reasonable, lawful, and supported by substantial evidence of record.

IT IS THEREFORE ORDERED that:

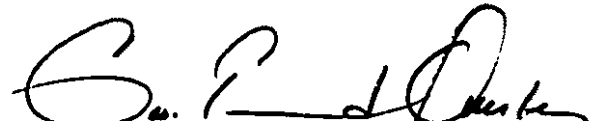
1. The terms and conditions set forth in the Proposed Settlement are adopted and approved.

2. The Proposed Settlement, attached hereto as Appendix A, is incorporated into this Order by reference as if fully set out herein.

3. West Shelby shall pay the agreed penalty in the amount of \$500 within 30 days of the date of this Order by certified check or money order made payable to Treasurer, Commonwealth of Kentucky. Said check or money order shall be mailed or delivered to the Office of General Counsel, Public Service Commission, 730 Schenkel Lane, P. O. Box 615, Frankfort, Kentucky 40602.

Done at Frankfort, Kentucky, this 23rd day of February, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY
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FILED
FEB 14 1990
PUBLIC SERVICE
COMMISSION

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STIPULATION OF FACTS AND PROPOSED SETTLEMENT

On November 22, 1989, the Commission entered a Show Cause Order for the alleged violation by West Shelby Water District ("West Shelby") of KRS 278.020(1). On January 30, 1990, West Shelby and Commission Staff ("Staff") held an informal conference from which the following Stipulation of Facts and Proposed Settlement is entered into and offered to the Commission as a basis for resolution and settlement of this case. It is understood that this Stipulation of Facts and Proposed Settlement is not binding on the Commission.

West Shelby and Staff stipulate that:

1. On or about March 20, 1989, as part of a three-phase project, West Shelby began construction of water pipelines (Phase 1) and a water storage tank (Phase 2).
2. West Shelby did not apply for a Certificate of Public Convenience and Necessity for the construction of the pipelines and storage tank until October 13, 1989. That certificate was granted by Order of the Commission dated November 9, 1989.

3. West Shelby did not begin construction of its new pump station, the third phase of the project, before being granted a Certificate of Public Convenience and Necessity for its construction by Order of the Commission dated November 9, 1989.

4. West Shelby violated KRS 278.020(1) by failing to obtain a Certificate of Public Convenience and Necessity from the Commission prior to beginning the construction of the pipelines and the storage tank.

5. West Shelby states that it believed the Commission was fully aware of West Shelby's plans to construct the pipeline and storage tank because certain members of the Staff had been told by West Shelby of the project and because the amended water purchase agreement between West Shelby and the Shelbyville Municipal Water and Sewer Commission dated October 13, 1987, was filed with Commission on May 11, 1988. That agreement states, as a condition of the contract, that West Shelby would construct a water storage tank.

6. West Shelby assures the Commission that in the future it will be diligent in its compliance with the requirements of KRS 278.020(1).

West Shelby and Staff propose the following as a basis of settlement:

1. West Shelby shall pay a fine in the amount of \$500 for violating KRS 278.020(1).

2. Should this Stipulation of Facts and Proposed Settlement be accepted by the Commission, West Shelby waives its right to a

