

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KINGSWOOD)
DEVELOPMENT, INC. FOR A CERTIFICATE) CASE NO. 96-423
OF CONVENIENCE AND NECESSITY)

O R D E R

On August 27, 1996, Kingswood Development, Inc. ("Kingswood") applied for a Certificate of Public Convenience and Necessity to construct a wastewater treatment plant and collection system in the Kingswood Subdivision of Bullitt County, Kentucky. The project is expected to provide service to 100 new customers in Phase I of Kingswood Subdivision.

The Commission, having reviewed the record and being otherwise sufficiently advised, finds that:

1. The proposed facilities have received preliminary approval from the Facilities Construction Branch of the Kentucky Division of Water and will not result in the wasteful duplication of utility facilities. Public convenience and necessity require the construction proposed in the application be performed and that a Certificate of Public Convenience and Necessity be granted.

2. The proposed construction consists of a new wastewater treatment plant and collection system to serve approximately 100 new customers in Phase I of the newly developed Kingswood Subdivision of Bullitt County, Kentucky.

3. Kingswood should obtain approval from the Commission prior to performing any additional construction not expressly certificated by this Order.

4. Kingswood should furnish duly verified documentation of the total costs of this project including the cost of construction and all other capitalization costs (engineering, legal, administrative, etc.), within 60 days of the date that construction is substantially completed. Said construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

5. Kingswood should require construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

6. Kingswood should furnish, within 60 days of the date of substantial completion of this construction, a copy of "as-built" drawings and a signed statement from the Engineer that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

7. Kingswood intends to finance the proposed construction through a loan of \$130,000 from external sources and to repay this loan over a 20-year period. KRS 278.300(1) prohibits a utility from issuing any evidence of indebtedness which is payable over a period exceeding two years without prior Commission approval. Kingswood has not sought, nor has the Commission granted, approval for the financing of the proposed

construction. Nothing contained herein shall be construed as Commission approval of any plan of financing for the proposed construction.

8. Kingswood has not filed its proposed rates for service nor requested Commission approval of any rates for the proposed facility's service. KRS 278.160(2) prohibits a utility from collecting rates other than those set forth in its filed rate schedule. Therefore, prior to providing service to its prospective customers, Kingswood should file its proposed rates with the Commission.

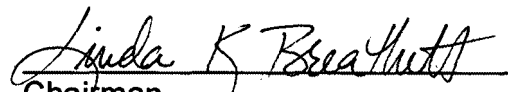
IT IS THEREFORE ORDERED that:

1. Kingswood is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Kingswood shall comply with all matters set out in Findings 3 through 8 as if the same were individually so ordered.

Done at Frankfort, Kentucky, this 28th day of February, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner