

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE BULLOCK PEN WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO) CASE NO. 2007-00260
CONSTRUCT A WATER LINE IMPROVEMENT)
PROJECT)

ORDER

Bullock Pen Water District ("Bullock District") has applied for a Certificate of Public Convenience and Necessity ("Certificate") to construct a water line improvement project in Grant County, Kentucky. At issue is whether House Bill 380 exempts the proposed construction project from the requirement to obtain a Certificate. Finding in the affirmative, we dismiss the application as moot.

Bullock District, a water district organized under KRS Chapter 74, provides retail water service to approximately 6,362 customers in Boone, Gallatin, Grant, Kenton and Pendleton counties, Kentucky.¹ For the calendar year ending December 31, 2006, it had annual revenues of \$ 2,673,606.² Bullock District is a Class A Water District.³

¹ Annual Report of Bullock Pen Water District to the Public Service Commission for the Calendar Year Ended December 31, 2006 at 27.

² Id. at 11.

³ The Kentucky Public Service Commission's Uniform System of Accounts defines a Class A water utility as a utility "having annual water operating revenues of \$750,000 or more." Uniform System of Accounts for Class A/B Water Districts and Associations at 14 (2002) (found at <http://psc.ky.gov/agencies/psc/forms/usoal/0700ab02.pdf>).

Bullock District proposes to construct 14.21 miles of 6-inch water main in Grant County, Kentucky. It estimates that the proposed project will provide water service to approximately 79 households⁴ that currently receive their water service through cisterns or bottled water. No public utility currently provides water service in the proposed project area.

The estimated cost of the proposed project is \$978,000. Bullock District will finance this cost with a Kentucky Infrastructure Authority grant of \$750,000, a grant of \$194,000 from the U.S. Environmental Protection Agency, and customer tap-on fees of \$34,000. Bullock District will not issue any evidences of indebtedness or adjust its rates to finance the proposed project.

KRS 278.020(1) provides:

No person, partnership, public or private corporation, or combination thereof shall commence providing utility service to or for the public or begin the construction of any plant, equipment, property, or facility for furnishing to the public any of the services enumerated in KRS 278.010, except retail electric suppliers for service connections to electric-consuming facilities located within its certified territory and ordinary extensions of existing systems in the usual course of business, until that person has obtained from the Public Service Commission a certificate that public convenience and necessity require the service or construction.

In its 2006 Annual Session, the Kentucky General Assembly enacted legislation that exempts certain water improvement projects of water districts and water associations from the requirement of obtaining a Certificate. This Act provides:

A water district created pursuant to KRS Chapter 74 and a water association created pursuant to KRS Chapter 273 that

⁴ The project involves the construction of water mains running along Creek Road, Harrison Ridge Road, Salem Road, Flat Creek Road, Arnold Creek Road, Jump Road, Smoky Road, Burgess Road, Case Lane and Mann Road.

undertakes a waterline extension or improvement project shall not be required to obtain a certificate of public convenience and necessity pursuant to KRS 278.020(1) if the water district or water association is a Class A or B utility as defined in the Uniform System of Accounts established by the Public Service Commission, pursuant to KRS 278.220, as the system of accounts prescribed for utilities in Kentucky, and either: (a) The water line extension or improvement project will not cost in excess of \$500,000; or (b) The water district or water association will not, as a result of the water line extension or improvement project, incur obligations requiring Public Service Commission approval pursuant to KRS 278.300. In either case, the water district or water association shall not, as a result of the water line extension or improvement project, increase rates to its customers.

2006 Ky. Acts Chapter 252.

Based upon our review of this Act and the application, the Commission finds that:

1. Bullock District will not, as a result of the proposed improvement project, incur obligations that will require Commission approval pursuant to KRS 278.300.
2. Bullock District will not, as a result of the proposed improvement project, increase its rates for water service to its customers.
3. The proposed construction is exempt from any requirement to obtain a Certificate.

IT IS THEREFORE ORDERED that:

1. Bullock District's application is denied as moot.
2. Subject to the filing of timely petition for rehearing pursuant to KRS 278.400, these proceedings are closed. The Executive Director shall place any future filings in the appropriate utility's general correspondence file or shall docket the filing as a new proceeding.

Done at Frankfort, Kentucky, this 13th day of July, 2007.

By the Commission

ATTEST:

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and lines, positioned over the text 'ATTEST:' and 'Executive Director'.

Executive Director