

COMMONWEALTH OF KENTUCKY
BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of

THE APPLICATION OF WILLIAM E. SIMPSON)
CONSTRUCTION COMPANY FOR A CERTIFICATE)
OF PUBLIC CONVENIENCE AND NECESSITY)
AUTHORIZING SAID COMPANY TO EXPAND ITS)
EXISTING SANITARY SEWAGE COLLECTION)
TREATMENT AND DISPOSAL SYSTEM LOCATED) CASE NO. 7887
IN BIRCHWOOD SUBDIVISION, JEFFERSON)
COUNTY, KENTUCKY, SO AS TO PROVIDE)
ADDITIONAL SEWAGE TREATMENT FACILITIES)
IN THE AMOUNT OF 250,000 G.P.D.)

O R D E R

The Willaim E. Simpson Construction Company, hereinafter, referred to as the Utility was granted a Construction Permit by the Division of Sanitary Engineering of the Kentucky Department for Natural Resources and Enviromental Protection on November 13, 1979 for Construction of additions and extensions to its existing sewage collection and treatment system, located in the Birchwood Subdivision, Jefferson County, Kentucky. On June 2, 1980, after the aforementioned construction was completed, the Utiltiy filed with this Commission its duly verified application seeking a Certificate of Public Convenience and Necessity for authorization of the said construction, and requested authority to charge its existing \$5.50 monthly rate to those customers served by the newly completed construction.

The Interim Order entered August 1, 1980, by this Commission granted the Utility's request for charging its existing rate in the new project area. Further, although the Interim Order found no evidence of any deliberate attempt by the Utility to circumvent the requirements of KRS 278.020, said Order admonished the Utility for its untimely delay in the filing of a request for approval of its construction project.

This Order addresses the certification of the completed construction.

The case was set for hearing October 9, 1980 in the Commission's offices at Frankfort, Kentucky. All parties of interest were notified and no protests were entered.

At the hearing, certain requests for additional information were made by the Commission staff. This information has been filed and the matter is now considered to be fully submitted for a final determination by this Commission.

Findings in this Matter

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

1. That public convenience and necessity required the extensions and additions that have been made to the Utility's sewage collection and treatment system in accordance with the application and exhibits of record in this matter.

2. That the Utility's construction project included the expansion of the capacity of its existing treatment plant from 150,000 G.P.D. to 250,000 G.P.D. thereby increasing its customer load capacity from 375 to 625 single family residences or equivalent loading.

3. That from the record and exhibits filed in this matter, the Utility has financed the project cost of approximately \$563,000 by private funds. Further, that the Utility plans to recover the total cost of this project by means of apportionment of the costs thereof in the sale price of the lots within the Birchwood Subdivision. The Commission will, therefore, consider the newly constructed facilities as contributed property. Accordingly, in all future rate determinations, these facilities will be treated as contributed property. Therefore, no allowances for depreciation or debt service shall be included on this property. Further, that the Commission should make no additional findings regarding the Utility's proposed financing other than that said financing should not have any adverse effect on its customer's rates or the Utility's ability to continue to provide sewage disposal services to its customers.

4. That the Utility's current monthly rate of \$5.50 for residential sewage disposal service as now charged under authority of this Commission should be ratified and remain in effect for all customers of the Utility located in the Birchwood Subdivision, Jefferson County, Kentucky.

5. That the Utility should provide this Commission with duly verified documentation of the total cost of this project including the cost of construction and all other capitalized costs (engineering,

legal, administrative, etc.) within thirty (30) days of the date of this Order. Further, that the documents filed should clearly separate the costs for major components of the system as follows: (1) the collection system with a breakout for lift stations; and (2) the sewage treatment plant.

6. That within thirty (30) days of the date of this Order the Utility should furnish this Commission with a copy of the "As-Built-Plans" and a certification that the construction has been satisfactorily completed in accordance with the contract plans and specifications that were approved by the Kentucky Department for Natural Resources and Environmental Protection.

Orders in this Matter

The Commission, on the basis of the matters hereinbefore set forth and the evidentiary record in this case:

HEREBY ORDERS that the additional sewage collection and treatment facilities as constructed in the Birchwood Subdivision of Jefferson County, Kentucky, for which a Construction Permit was granted November 13, 1979 by the Department for Natural Resources and Environmental Protection be and hereby is certificated by this Commission.

IT IS FURTHER ORDERED that the Utility's current monthly rate for residential sewage disposal service now being charged under authority of this Commission shall be ratified and remain in effect for all customers of the Utility located in the Birchwood Subdivision of Jefferson County, Kentucky.

IT IS FURTHER ORDERED that the project certificated herein shall, for rate making purposes, be considered as contributed property in accordance with Finding No. 3 as previously set forth herein.

IT IS FURTHER ORDERED that the Utility shall file with the Commission a duly verified document or documents which show the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within thirty (30) days of the date of this Order, all in accordance with Finding No. 5 of this Order.

IT IS FURTHER ORDERED that the Utility shall within thirty (30) days of the date of this Order furnish this Commission with a copy of the "As-Built-Plans" and a certification that the construction has been satisfactorily completed and was done in accordance with the contract plans and specifications as approved by the Kentucky Department for Natural Resources and Environmental Protection.

Done at Frankfort, Kentucky this 21st day of November, 1980.

UTILITY REGULATORY COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary