

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF RESIDENTS OF LEWIS)
COUNTY, KENTUCKY, FOR A PRELIMINARY)
HEARING TO DETERMINE THE DESIRABILITY) CASE NO. 8923
OF THE FORMATION OF THE BURTONVILLE)
WATER DISTRICT)

O R D E R

On October 18, 1983, the Public Service Commission received an application signed by five resident freeholders of Lewis County, Kentucky, desiring the formation of a water district to be known as the Burtonville Water District. The proposed service area was indicated on an accompanying map to consist of that portion of Lewis County along state highways 57, 1237 and 989 south of Tollesboro. About 148 homes were noted as potential customers of the proposed district. The Western Lewis-Rectorville Water District ("Western Lewis-Rectorville") was given as the source of supply of potable water.

A hearing was held on March 6, 1984, in the offices of the Public Service Commission, Frankfort, Kentucky. Mr. Charles Hardymon, spokesman for the proposed water district, appeared with Mr. Gerald Meadows, Superintendent of Western Lewis-Rectorville.

Mr. Steve Miller of the Buffalo Trace Area Development District also appeared. Assistance in the preparation of the application in this matter was provided by Mr. Miller.

A feasibility study of the proposed water district that had been prepared by a staff engineer of the Commission was entered in the record of the hearing. This study concluded that consideration should be given to serving the residents of the proposed water district by one of the existing water utilities in the area; i.e., Western Lewis-Rectorville or the Fleming County Water Association ("Fleming Water"). The study recommended against establishment of the Burtonville Water District; it did recommend that Western Lewis-Rectorville join with the petitioners and other interested parties to secure the financing needed for extending water service to residents of the proposed district.

Mr. Meadows' testimony included an opinion that Western Lewis-Rectorville's Bond Ordinance prohibits the issuance of additional waterworks revenue bonds. This opinion has not, however, been verified by bond counsel. The construction needed for the extension of service proposed by Mr. Hardyman would require the issuance of waterworks revenue bonds.

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

1. There is a definite need for a water distribution system in the Burtonville area of Lewis County.
2. Western Lewis-Rectorville's water supply should be adequate for extending service to the area.

3. The existing water systems of Western Lewis-Rectorville and Fleming Water are now operating in the immediate vicinity of the proposed service area.

4. The area to be served by the proposed Burtonville Water District can be served more feasibly by either or both of the existing water systems.

5. The Burtonville Water District as proposed would not be a financially viable organization for operating and maintaining the proposed water system and should not be established.

6. About one-half of the service area of the proposed water district lies within the established boundaries of Western Lewis-Rectorville.

7. Western Lewis-Rectorville is obligated to provide service to all applicants for service within its prescribed boundaries under the terms of this Commission's regulations regarding extensions of service (807 KAR 5:066, Section 12) or by means of water main extension projects of demonstrated feasibility.


8. Western Lewis-Rectorville should develop a plan outlining the necessary activities essential to meeting its obligation to provide water service. This plan, which should include a proposed method for providing water service to the Burtonville area of Lewis County, Kentucky, should be filed with the Commission within 60 days of the date of this Order.

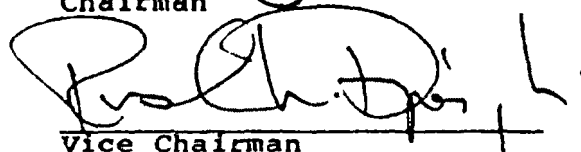
IT IS THEREFORE ORDERED that the Commission's approval for the establishment of the water district herein considered be and it hereby is denied.

IT IS FURTHER ORDERED that Western Lewis-Rectorville shall develop a plan outlining the necessary activities essential to meeting its obligation to provide water service. This plan, which shall include a proposed method for providing water service to the Burtonville area of Lewis County, Kentucky, shall be filed with the Commission within 60 days of the date of this Order.

Done at Frankfort, Kentucky, this 8th day of May, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary