

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE CONTRACT FOR CONSTRUCTION OF )  
EXTENSION OF LINES FOR NORTHEAST )  
WOODFORD COUNTY WATER DISTRICT TO )  
STONEGATE SUBDIVISION PURSUANT TO )  
AGREEMENT WITH BOBBY MATTHEWS, J. )  
PAT WILLIAMS, TED W. HAHN, DOUGLAS )  
MCLONEY, AND HAROLD MULLIS, DOING )  
BUSINESS AS STONEGATE SUBDIVISION )  
A PARTNERSHIP )

CASE NO. 10163

O R D E R

The Commission has taken notice that a complaint against Northeast Woodford County Water District was filed on February 1, 1988, by Associated Developers. The Commission subsequently opened an informal complaint investigation. Northeast Woodford County Water District filed its Application in this case on February 10, 1988 seeking Commission approval of its service contract serving Stonegate Subdivision which is the same contract for which Associated Developers originally filed its complaint. Inasmuch as the complaint and service contract are directly connected, the Commission FINDS that the complaint should be consolidated into this case.

IT IS THEREFORE ORDERED that the February 1 complaint by Associated Developers as shown in Appendix A be and it hereby is made part of the record in this case.

IT IS FURTHER ORDERED that Associated Developers, by Counsel,  
be and it hereby is granted full intervention status.

Done at Frankfort, Kentucky this 1st day of August, 1988.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

EXECUTIVE DIRECTOR

APPENDIX "A"

BEFORE THE PUBLIC SERVICE COMMISSION

FILED

BOBBY MATTHEWS, J. PAT WILLIAMS, )  
TED W. HAHN AND HAROLD MULLIS, )  
DOING BUSINESS AS ASSOCIATED DEVELOPERS, )  
A Kentucky General Partnership )  
175 E. Main Street, Suite 600 )  
Lexington, Kentucky 40507 )

FEB 01 1980

PUBLIC SERVICE  
COMMISSION

COMPLAINANTS )

VS. )

NO. \_\_\_\_\_ )

NORTHEAST WOODFORD COUNTY )  
WATER DISTRICT, A Body )  
Corporate, 110 N. Main St., )  
Versailles, Kentucky 40383 )

DEFENDANT )

COMPLAINT

Come the Complainants, by and through counsel, and for their complaint against the Defendant herein respectfully state as follows:

1. That the Complainants, Bobby Matthews, J. Pat Williams, Ted W. Hahn and Harold Mullis, doing business as Associated Developers, Kentucky General Partnership, 175 E. Main St., Suite 600, Lexington, Kentucky 40507, are in the business of real estate development and are successors in interest to a partnership consisting of Bobby Matthews, J. Pat Williams, Ted W. Hahn, Harold Mullis and Douglas McLoney, doing business as Stonegate Subdivision, a partnership.

2. That the Defendant is Northeast Woodford County Water District, a body corporate, whose mailing address is 110 N. Main Street, Versailles, Kentucky 40383.

3. That the Complainants' predecessor in interest, Stonegate Subdivision, a general partnership, developed a residential real estate subdivision located in Versailles, Woodford County, Kentucky, more particularly known as Stonegate Subdivision.

4. That in developing Stonegate Subdivision, the developer applied to the Defendant water district for the extension of water service to the proposed real estate subdivision, which subdivision was within the boundaries of the Defendant water district.

5. That the developer, Stonegate Subdivision, entered into an agreement dated November 3, 1978, with the Defendant water district which agreement required the developer to pay for the cost of the extension of water service to the proposed real estate subdivision. A copy of that agreement is attached hereto as Exhibit "A" and is incorporated herein by reference as if more fully set forth.

6. That the developer installed the water main system for the extension of water service to the proposed subdivision.

7. That the cost to the developer of Stonegate Subdivision for the installation of water main in said real estate subdivision was \$124,845.50 for 11,070 lineal feet of water main for a cost of \$11.28 per lineal foot.

8. That the contract attached hereto as Exhibit "A" has never been approved by the Public Service Commission.

9. That the contract which is attached hereto as Exhibit "A" is silent with regard to the issue of reimbursement of costs by the Defendant water district to the developer.

10. That pursuant to 807 KAR 5:066, section 12(3) the Defendant water district had the legal duty to reimburse the developer as customers are connected onto the water system installed by the developer on a per-customer basis as more specifically set forth in that regulation.

11. That the Complainants, the successors in interest to the developer, Stonegate Subdivision, have made repeated demands of the Defendant water district for reimbursement of construction costs pursuant to the cited regulation.

12. That despite said repeated demands for reimbursement and payment, the Defendant water district has refused to make any reimbursement or payment to the Complainants whatsoever.

13. That the Defendant water district has received fees and payments from customers as such customers were connected to the water main system installed by the developer in Stonegate Subdivision in Versailles, Woodford County, Kentucky and continue to receive such fees as new customers connect to the water lines in Stonegate Subdivision.

14. Complainants are entitled to be reimbursed from Defendant water district for every customer of Defendant water district who has connected to the water main installed by the developer in Stonegate Subdivision since the installation of that water main system on the basis of the cost of fifty feet per customer. Complainants are entitled to be reimbursed \$564.00 (50 x \$11.28) for every customer of Defendant water district who has connected to the water main in Stonegate Subdivision. Complainants are further entitled to be reimbursed the same amount per customer as new customers connect to that water main.

15. That as of date of filing of this Complaint 216 customers have been connected to said water main thereby entitling Complainants to reimbursement from and by Defendant water district in the amount of \$121,824.00.

**WHEREFORE,** Complainants ask that they be awarded a judgment against the Defendant water district and that the Public Service Commission enter an order requiring the Defendant water district to pay to the Complainants the sum of \$121,824.00 with prejudgment and post-judgment interest thereon at the legal rate along with appropriate reimbursements for additional customers who connect to the subject water main system in the future as well as Complainants' costs herein expended including, but not limited to, a reasonable attorney's fee, and any and all other relief to which the Complainants may appear properly entitled.

29<sup>th</sup> Dated at Versailles, Woodford County, Kentucky, this the  
day of January, 1988.

ROUSE, ROUSE, COMBS & PIERCE

BY: Tom H. Pierce  
TOM H. PIERCE  
ROBERT L. SWISHER - 606-873-5427  
Suite 4A, United Bank Square  
P.O. Box 129  
Versailles, Kentucky 40383

ATTORNEYS FOR COMPLAINANTS

H3/PUB

**COPY**

THIS AGREEMENT, made and entered into at Versailles, Woodford County, Kentucky, this the 31 day of November, 1978, by and between the NORTHEAST WOODFORD COUNTY WATER DISTRICT, a body corporate, 110 North Main Street, Versailles, Kentucky 40383, hereinafter called "District", and BOBBY MATTHEWS, J. PAT WILLIAMS, TED W. HAHN, DOUGLAS McLONEY, and HAROLD MULLIS, doing business as STONEGATE SUBDIVISION, a partnership, of 1364 Devonport Drive, Lexington, Kentucky 40504, hereinafter called "Stonegate".

WITNESSETH: That Stonegate is developing a tract of land containing approximately \_\_\_\_\_ acres as a subdivision to be known as Stonegate Subdivision, which tract was a part of the Marvin Wells Farm located on the west side of the Big Sink Road near Versailles and that the said tract of land is located within the boundaries of the District, and Stonegate is desirous of obtaining treated water for said subdivision from the District and the District is desirous of serving water to said subdivision, and in consideration of the promises and agreements of the parties herein contained, the parties promise and agree as follows:

1. INSTALLATION OF FACILITIES. Stonegate shall install and construct all water mains, hydrants, and all other required facilities in said Stonegate Subdivision necessary to extend the existing water main lines and facilities into said subdivision from the existing water main of the District located on the east side of the said Big Sink Road near the District's pump station at no cost or expense to the District.

2. OWNERSHIP. All water mains, lines, hydrants and other facilities installed by Stonegate shall be deeded by Stonegate to the District and title shall pass and vest in

the District after the District's Engineer has inspected and approved the same in writing.

3. **QUALITY.** Stonegate warrants that the quality of construction is in accordance with the directives of the District's Engineer and equal to the quality of existing District facilities.

4. **PRESSURE TEST.** Stonegate will cause to be performed, pressure tests on the system installed by Stonegate. Pressure shall be equal to one and one-half (1 1/2) times normal working pressure and shall be maintained for two hours without significant loss of pressure. The pressure test shall be witnessed and approved by the District's Engineer.

5. **WARRANTY.** Stonegate shall issue a full warranty on all facilities installed by it. The warranty shall extend for one year from the date of the District's Engineer's approval of acceptance in writing.

6. **DEPOSIT.** Stonegate shall post a deposit of One Thousand Dollars (\$1,000.00) for each section of the subdivision to guarantee payment to the District for the cost of any water loss arising from the installation or activities of Stonegate in installing the facilities as herein provided or in the development of the said subdivision by Stonegate.

7. **METER INSTALLATION.** No meter shall be installed in said subdivision until a contract for water service has been executed by the user and the meter deposit paid to the District.

8. **EASEMENTS.** Stonegate has dedicated utility easements to the District and other utility companies by the

recorded plat or plats of said subdivision for the benefit of the District, and Stonegate further agrees that it shall execute any written easement or easements to the District further evidencing the permanent easement granted to the District. Stonegate, or its engineer, shall certify in writing to the District that mains, lines, or other facilities installed by it as provided herein, are installed within said easements as shown on the recorded plat or plats.

Executed in duplicate originals the day and year first above written.

NORTHEAST WOODFORD COUNTY WATER DISTRICT

BY:

Joe Foley, Chairman

ATTEST:

John Steele Davis  
John Steele Davis, Secretary

STONEGATE SUBDIVISION, a partnership

Bobby Matthews  
BOBBY MATTHEWS, a partner

J. Pat Williams  
J. PAT WILLIAMS, a partner

Ted W. Hahn  
TED W. HAHN, a partner

Douglas McLoney  
DOUGLAS, McLONEY, a partner

Harold H. Mullis  
HAROLD MULLIS, a partner

STATE OF KENTUCKY  
COUNTY OF WOODFORD, SCT.,

The foregoing instrument was this the 11th day of November, 1978, signed and acknowledged before me by Joe Foley, Chairman of the Northeast Woodford County Water District, and attested by John Steele Davis, Secretary of said corporation, a Kentucky corporation, on behalf of the Northeast Woodford County Water District.

MY COMMISSION EXPIRES:

William A. Smith  
NOTARY PUBLIC

June 9, 1979

STATE OF KENTUCKY  
COUNTY OF WOODFORD, SCT.

The foregoing instrument was this the 3 day of November, 1978, signed and acknowledged before me by Bobby Matthews.

MY COMMISSION EXPIRES:

William C. Harrison  
NOTARY PUBLIC

April 28, 1980

STATE OF KENTUCKY  
COUNTY OF Fayette

The foregoing instrument was this the ? day of November, 1978, signed and acknowledged before me by J. Pat Williams.

MY COMMISSION EXPIRES:

William C. Harrison  
NOTARY PUBLIC

April 28, 1980

STATE OF KENTUCKY

COUNTY OF Fayette

The foregoing instrument was this the 3 day of November, 1978, signed and acknowledged before me by Ted W. Hahn.

MY COMMISSION EXPIRES:

William C. Harper  
NOTARY PUBLIC

April 28, 1980

STATE OF KENTUCKY

COUNTY OF Fayette

The foregoing instrument was this the 3 day of November, 1978, signed and acknowledged before me by Douglas McLoney.

MY COMMISSION EXPIRES:

William C. Harper  
NOTARY PUBLIC

April 28, 1980

STATE OF KENTUCKY

COUNTY OF Fayette

The foregoing instrument was this the 3 day of November, 1978, signed and acknowledged before me by Harold Mullis.

MY COMMISSION EXPIRES:

William C. Harper  
NOTARY PUBLIC

April 28, 1980

PREPARED BY:

Robert E. McCauley  
McCAULEY AND ELAM  
137 North Main Street  
Versailles, Kentucky 40383