

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE ALLEGED )  
OWNERSHIP OF A UTILITY BY W. C. ) CASE NO. 10247  
HUNDLEY )

O R D E R

In January, 1987, the Commission sent an investigator to Perryville, Kentucky, to locate and investigate the possible existence of a water and sewage treatment facility owned by W. C. Hundley. The investigative report indicates that a water and sewage treatment utility does exist near Perryville, Kentucky, and is owned by W. C. Hundley. The report leads us to the preliminary finding that the utility is being operated in violation of tariffing and other requirements of KRS Chapter 278, relating to utilities.

Therefore, the Commission, on its own Motion, hereby ORDERS that:

1. A hearing be and it hereby is scheduled for May 31, 1988, at 9:00 a.m., Eastern Daylight Time, in the Commission's offices, Frankfort, Kentucky.

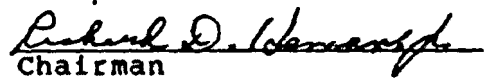
2. W. C. Hundley shall appear at the hearing and show cause, if any he can, why he should not be subject to the penalties prescribed in KRS 278.990 for failure to comply with the Commission's regulations as set forth in the attached Commission Staff Report.

3. At the hearing, Staff who prepared the Report on the inspection of Springhill Subdivision (Appendix A) will present the Report through direct examination by Staff Counsel and will be available for cross-examination.

4. W. C. Hundley shall also have until the close of business 2 weeks from the date of this Order to file written comments concerning the contents of Appendix A.

Done at Frankfort, Kentucky, this 12th day of ~~May~~, 1988.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

\_\_\_\_\_  
Executive Director

APPENDIX A  
DATED 5/12/88

Commonwealth of Kentucky  
Public Service Commission

**COMPLAINT INVESTIGATION REPORT**

Springhill Subdivision  
Perryville, Kentucky

February 5, 1987

On December 9, 1986, the Public Service Commission received a letter from the Bluegrass Area Development District inquiring whether a water and sewer service owned by W. C. Hundley, serving the Springhill Subdivision (see attachment) was under PSC jurisdiction. The subdivision is located approximately 1 mile west of Perryville, Kentucky, on US 150 and lying outside and inside the boundaries of the City of Perryville.

The Commission having no knowledge of the existence of a water distribution and sewage collection system operated by Mr. Hundley deemed it advisable to initiate a investigation. On January 21, 1987, an investigation was conducted to determine (a) if the company is operating as a public utility pursuant to state laws and regulations and (b) the conditions under which the utility is operating at the current time.

Investigation

This investigation included an on-site inspection of the Springhill Subdivision, interviewing Richard Campbell, attorney for the City of Perryville; Mrs. Bottoms, a property owner; the

Report - Springhill Subdivision  
Page 2  
February 5, 1987

superintendent of the water and sewage facility for the City of Perryville and W. C. Hundley, owner of Springhill Subdivision.

During the inspection the following information was established:

1. The water distribution system and the sewage collection system was constructed between 1964 and 1965 by W. C. Hundley, developer of Springhill Subdivision.

2. The water system consists of approximately 2,500 feet of 4-inch water line and 5,000 feet of 2-inch water line in which approximately 2,000 feet of 2-inch line is looped.

3. The sewage collection system consists of approximately 4,000 feet of 8-inch line. The system is gravity flow to the connection with the City of Perryville Sewage System.

4. Mr. Hundley purchases water from the City of Perryville through a 4-inch master meter at the edge of the subdivision, then resells it to the residents of the subdivision for a profit.

5. The sewage collection lines that serve Springhill Subdivision are owned by Mr. Hundley and connected to the sewer lines owned by the City of Perryville.

6. The City of Perryville sewage treatment plant treats the sewage from the Springhill Subdivision.

7. The subdivision has approximately 32 water and sewer connections; 28 residential, 3 commercial and 1 church.

8. The average monthly usage for the water system is 161,000 gallons per month.

9. A signed contract for water service or sewage treatment between the City of Perryville and Mr. Hundley does not exist.

10. There is only a verbal agreement between the City of Perryville and Mr. Hundley for water service and sewage treatment.

11. Mr. Hundley charges the same rates for water and sewage service to the residents of Springhill as the City of Perryville charges its customers.

12. Mr. Hundley is receiving compensation for the water and sewage collection service he provides his customers.

13. Mr. Hundley has not filed the rates, rules or regulations with the Commission for approval.

14. Mr. Hundley does not have a certified water distribution system operator.

15. Mr. Hundley does not have a certified sewage plant operator.

16. The office address for water distribution system and sewage collection system is as follows:

Mr. W. C. Hundley  
Box 55  
Perryville, KY 40468  
Telephone No. (606) 332-8551

Conclusions

1. The waste water collection system is operating as a sewer utility subject to Commission jurisdictions pursuant to KRS 278.010.
2. The water distribution system is operating as a water utility subject to Commission jurisdiction pursuant to KRS 278.010.
3. The sewer utility and water utility is owned by W. C. Hundley.
4. Mr. Hundley should be required to file all information required by the Commission and its rules and regulations necessary to bring this utility into compliance with Kentucky Revised Statutes, Chapter 278 and Kentucky Administrative Regulations 807.
5. The Commission should place Springhill Subdivision under its jurisdiction subject to all its rules and regulations.

Submitted,  
February 5, 1987

  
Larry M. Updike  
Utility Investigator

ESB