

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF BOONE COUNTY)	
WATER AND SEWER DISTRICT AND PARLOR GROVE)	CASE NO.
ESTATES TO CONSTRUCT A SANITARY SEWER)	89-224
TREATMENT PLANT)	

O R D E R

On August 8, 1989, the Boone County Water and Sewer District ("Boone County") and Akin and Miller Land Developers, a partnership which owns Parlor Grove Estates Subdivision ("Parlor Grove"), filed a joint application for a Certificate of Public Convenience and Necessity to construct a sewage treatment plant to serve Parlor Grove and for Commission approval to transfer the sewage treatment plant after construction to Boone County.

Having reviewed the application and evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Parlor Grove's construction project consists of a 22,000 gallon per day sewage treatment plant which will provide sewer service to 40 initial residential customers.

2. Total cost of the proposed construction project including engineering and inspection fees is estimated to be \$362,015. The project will initially be financed by a loan from the Fifth-Third Bank of Boone County.

3. The Division of Water of the Natural Resources and Environmental Protection Cabinet has granted preliminary approval to the proposed construction project.

4. Public convenience and necessity require that the construction proposed in the joint application be performed.

5. Parlor Grove has agreed to sell, and Boone County has agreed to purchase, the sewage treatment system for \$1. Under the terms of the transfer agreement, this sale will occur upon completion of the construction of the proposed system and the issuance of all necessary licenses and permits by the Commonwealth authorizing the system's operation, but before service is begun.

6. Boone County employs 4 persons who maintain and service all of its sewage treatment facilities. Three of these employees are certified as wastewater system operators by the Kentucky Board of Certification of Wastewater System Operators.¹

7. As of December 31, 1988, Boone County's sewer operations had assets of \$6,175,397.²

8. Boone County, as a water district organized under the provisions of KRS Chapter 74, is a political subdivision of the Commonwealth. Louisville Extension Water District v. Diehl Pump & Supply Co., Inc., 246 S.W.2d 585 (Ky. 1952).

9. In view of its financial assets and its status as a political subdivision of the Commonwealth, Boone County has sufficient financial integrity to ensure the continuity of sewage service. A copy of a valid third-party beneficiary agreement

¹ See Case No. 89-026, Application of Kreke Construction and Development Company, June 13, 1989.

² Annual Report of Boone County Water and Sewer District (Sewer Operations) for the year ended December 31, 1988, p. 2.

guaranteeing the continuing operation of the proposed sewage system is therefore not required. 807 KAR 5:001, Section 3(1)(a).

10. Boone County has the financial, technical, and managerial abilities to provide reasonable utility service to the residents of Parlor Grove.

IT IS THEREFORE ORDERED that:

1. A Certificate of Public Convenience and Necessity is granted to Parlor Grove to construct the proposed sewage treatment plant as set forth in drawings and specifications contained in its application.

2. Parlor Grove and Boone County shall furnish duly verified documentation of the total cost of this project including the cost of construction and other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Said construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Sewer Utilities prescribed by the Commission.

3. Parlor Grove's contract with its engineer shall require the provision of a full-time resident inspector under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering to ensure that the construction work is done in accordance with the contract plans and specifications and in conformance with the best practices of the construction trades involved in the project.

4. Parlor Grove and Boone County shall furnish to the Commission a copy of the "as-built" drawings and a signed

statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

5. Any deviations from the construction drawings and specifications herein approved which could adversely affect service to any customer shall be subject to the prior approval of the Commission.

6. The transfer of the sewage treatment plant to Boone County prior to the commencement of the system's operations is approved.

7. Absent the occurrence of the agreed transfer, the proposed sewage treatment system shall not begin operation until Parlor Grove has submitted a valid third-party beneficiary agreement or other proof of financial integrity to ensure continuity of sewer service as required by Commission regulations.

8. For accounting purposes, Boone County shall consider those facilities constructed and funded by Parlor Grove as contributed property.

Done at Frankfort, Kentucky, this 8th day of December, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:

Executive Director

Commissioner