

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SCHLEPER DEVELOPMENT)	
CORPORATION TO CONSTRUCT AND FINANCE)	CASE NO.
SOUTH PARK DEVELOPMENT SEWER SYSTEM AND)	89-226
TRANSFER THE SEWER SYSTEM TO BOONE COUNTY)	
WATER AND SEWER DISTRICT)	

O R D E R

On August 11, 1989, Schleper Development Corporation ("SDC") filed an application for a Certificate of Public Convenience and Necessity to construct a sewage treatment plant and collection system and for Commission approval of this facility's transfer to Boone County Water and Sewer District ("Boone County").

After review of the application and evidence of record and being sufficiently advised, the Commission finds that:

1. SDC's proposed construction project consists of a 45,000 gallon per day extended aeration package sewage treatment plant, approximately 8,100 feet of 8-inch gravity sewers, a 125 gallon per minute sewage pump station, and 840 feet of force main.

2. SDC's proposed construction project will provide sewer service for 22 light industrial sites and 2 commercial sites in South Park Industrial Park which is located near Hebron, Kentucky.

3. No sewage treatment facility presently in the Hebron, Kentucky, area can adequately serve the needs of South Park Industrial Park.

4. Total cost of the proposed construction project is estimated to be \$295,043. A development loan from Fifth Third Bank of Kenton County will finance the costs of construction.

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

6. Public convenience and necessity require that the construction proposed in SDC's application be performed.

7. SDC 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 the 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.

8. Boone County employs four 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

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

10. Boone County, as a water district organized under the provisions of KRS Chapter 74, is a political subdivision of the

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, page 2.

Commonwealth. Louisville Extension Water District v. Diehl Pump & Supply Co., Inc., 246 S.W.2d 585 (Ky. 1952).

11. 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 guaranteeing the continued operation of the proposed sewage treatment system, therefore, is not required. 807 KAR 5:071, Section 3(1)(a).

12. Boone County has the financial, technical, and managerial abilities to provide reasonable utility service to the residents of the South Park Industrial Park.

IT IS THEREFORE ORDERED that:

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

2. SDC 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. SDC'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. SDC 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 system to Boone County prior to the commencement of the system's operations is approved.

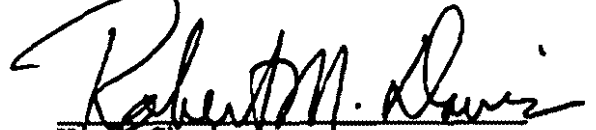
7. Absent the occurrence of the agreed transfer, the proposed sewage treatment system shall not begin operation until SDC has submitted a valid third-party beneficiary agreement or other proof of financial integrity to ensure the continuity of sewer service as required by Commission Regulation 807 KAR 5:071, Section 3(1)(a).


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

Done at Frankfort, Kentucky, this 19th day of October, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director