

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF D.B.S. DEVELOPMENT)	
CORPORATION FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY TO CONSTRUCT)	89-338
FACILITY AND TRANSFER TO BOONE COUNTY)	
WATER AND SEWER DISTRICT)	

O R D E R

On November 3, 1989, D.B.S. Development Corporation ("D.B.S.") filed an application for a Certificate of Public Convenience and Necessity to construct a sewage treatment plant, and for Commission approval to transfer the sewage treatment plant upon construction to Boone County Water and Sewer District ("Boone County").

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

1. D.B.S.'s construction project consists of a 30,000 gallon per day sewage treatment plant which will provide sewer service to 32 initial residential customers in the Tree Top Subdivision in Boone County, Kentucky.

2. No sewage treatment facility presently in the Boone County, Kentucky, area can adequately serve the needs of Tree Top Subdivision.

3. Total cost of the proposed construction project is estimated to be \$224,566.50. The construction project will be

financed by D.B.S. funds initially and eventually by a development and construction loan obtained from a local lending institution.

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

5. Public convenience and necessity require that the construction proposed in D.B.S.'s application be performed.

6. D.B.S. 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 construction of the proposed system and the issuance of all necessary licenses and permits by the Commonwealth authorizing the systems operation, but before service is begun.

7. 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

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

9. 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, p. 2.

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

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

11. Boone County has the financial, technical, and managerial abilities to provide reasonable utility service to the residents of Tree Top Subdivision.

IT IS THEREFORE ORDERED that:

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

2. D.B.S. 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. D.B.S.'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. D.B.S. 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. Customers of the treatment plant shall be charged for service in accordance with Boone County's current rate schedule on file with the Commission.

7. In the event the agreed-upon transfer does not occur, the proposed sewage treatment system shall not begin operation until D.B.S. has filed a tariff with the Commission setting out all rates and conditions of service and 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 D.B.S. as contributed property.

Done at Frankfort, Kentucky, this 21st day of December, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:

Executive Director