

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION INTO THE FEASIBILITY)
OF MERGING KENTON COUNTY WATER)
DISTRICT NO. 1, CAMPBELL COUNTY) CASE NO. 90-020
KENTUCKY WATER DISTRICT, AND BOONE)
COUNTY WATER AND SEWER DISTRICT)
)

O R D E R

On February 8, 1991, the Commission petitioned Franklin Circuit Court for a declaration of the Commission's rights, as part of its investigation into the feasibility and advisability of merging certain water districts, to order management and operation audits to determine whether merger would improve the water districts' management effectiveness and operating efficiency and assess the cost of such audits against the water districts.

Simultaneously with that action, the Commission ordered this proceeding to be held in abeyance pending a decision on that petition. It found that the resolution of the issues presented in its petition was critical to continuing this proceeding. The Commission noted that it was "without adequate resources to underwrite the costs of the proposed audits [of Boone County Water and Sewer District, Campbell County Kentucky Water District, and Kenton County Water District No. 1] or to conduct them itself." Order of February 8, 1991 at 3.

The Kentucky Court of Appeals unequivocally has held that the Commission lacks the statutory authority to conduct such audits as

part of any merger investigation and assess the cost of such audits against the water districts. Pub. Serv. Comm'n v. Attorney General, Ky., 860 S.W.2d 296 (1993).

IT IS THEREFORE ORDERED that:

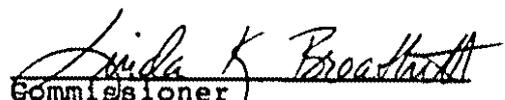
1. This investigation is terminated.
2. This case is closed and permanently removed from the Commission's docket.

Done at Frankfort, Kentucky, this 15th day of February, 1994.

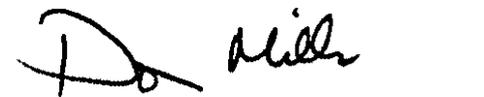
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director