

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MIDDLETOWN WASTE)
DISPOSAL, INC. FOR APPROVAL OF) Case No. 2012-00526
FINANCING PURSUANT TO KRS 278.300)

ORDER

Middletown Waste Disposal, Inc. ("Middletown Waste Disposal") has applied to the Commission for authorization to enter into a loan agreement with Chase Bank N.A. ("Chase").¹ Having considered the record and being otherwise sufficiently advised, the Commission finds that:

1. Middletown Waste Disposal, a corporation organized pursuant to KRS Chapter 271B, owns and operates sewage collection and treatment facilities in Jefferson County, Kentucky that are not subject to regulation by a metropolitan sewer district and that serve 120 residential customers and 77 commercial customers.² It is a utility subject to Commission jurisdiction.³

¹ Middletown Waste Disposal tendered its application to the Commission on November 30, 2012. In its Application, it requested a deviation from 807 KAR 5:001, Section 11(2). On December 17, 2012, Middletown Waste Disposal supplemented its application to meet certain requirements of 807 KAR 5:001. On January 29, 2013, the Commission granted the requested deviation and accepted Middletown Waste Disposal's application for filing. No person or entity has sought intervention in this proceeding.

² *Annual Report of Middletown Waste Disposal, Inc. to the Public Service Commission for the Calendar Year Ended December 31, 2011* at 1 and 8.

³ KRS 278.010(3)(f); KRS 278.040.

2. Middletown Waste Disposal proposes to execute a loan agreement with Chase to borrow an amount not to exceed \$35,000. The proposed loan will have a 60-month term with an interest rate of 5.9 percent per annum.⁴

3. In 2012, Middletown Waste Disposal was required to replace its air header and diffusers at a cost of \$26,567⁵ and to make additional emergency plant repairs that cost \$17,914.⁶ To fund these expenditures, Middletown Waste Disposal depleted its cash reserves and borrowed \$20,000 from its stockholders.

4. Middletown Waste Disposal proposes to use the proceeds from the proposed loan to convert the short-term stockholder loan into permanent financing and to replenish its cash reserves.

5. Middletown Waste Disposal's proposed loan is for a lawful object within its corporate purpose, is reasonably necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair Middletown Waste Disposal's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Middletown is authorized to enter into the proposed loan agreement with Chase and to borrow no more than \$35,000 for a term of 60 months at an interest rate of 5.9 percent per annum.

⁴ App. Ex. 1.

⁵ See Staff Report on Middletown Waste Disposal, Inc. (released Dec. 14, 2012) at 8, in Case No. 2012-00375, *Alternative Rate Adjustment Filing of Middletown Waste Disposal, Inc.* (Ky. PSC received Aug. 22, 2012). Of the total amount, Middletown Waste Disposal expended \$14,019 on air headers and \$12,548 on diffusers.

⁶ *Id.* at 10 (listing post-test-year nonrecurring costs of \$17,914).

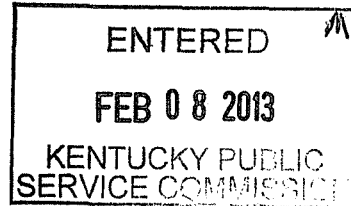
2. Within 30 days of executing the loan agreement, Middletown Waste Disposal shall file an executed copy of that agreement with the Commission.

3. The proceeds from the transaction authorized herein shall be used only for the lawful purposes specified in Middletown Waste Disposal's application.

4. Any documents filed pursuant to ordering paragraph 2 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

By the Commission



ATTEST:



Executive Director

Jack Kaninberg
Middletown Waste Disposal, Inc.
13005 Middletown Industrial Blvd
Suite 1
Louisville, KY 40223

John Singler
Attorney at Law
108 Republic Plaza Building
200 South 7th Street
Louisville, KENTUCKY 40202