

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF LONGVIEW	)	
LAND COMPANY, LLC AND	)	
LH TREATMENT COMPANY, LLC	)	CASE NO.
FOR APPROVAL OF THE TRANSFER	)	2017-00137
OF WASTEWATER TREATMENT PLANT	)	
TO LH TREATMENT COMPANY, LLC	)	

ORDER

Longview Land Company, LLC, (“Longview”) and LH Treatment Company, LLC, (“LH”) have jointly applied for the transfer of the wastewater treatment plant and collection system serving the Longview Subdivision in Scott County, Kentucky, to LH Treatment Company, LLC. In support of this request, Longview and LH (“Joint Applicants”) have submitted the Membership Units Purchase Agreement (“Agreement”) containing the terms of the transfer.<sup>1</sup> No person has sought to intervene in this proceeding, a formal hearing has not been requested, and the record is complete. Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. Longview Land Company, LLC, the Seller under the Agreement, is a Kentucky Limited Liability Company in good standing.<sup>2</sup>
2. Longview consists of five members, namely the Estate of William R. Pulliam II, James A. Donaldson, Martha E. Lombardo, Ashley E. Reid, and Christopher E. Adams (“Members”).<sup>3</sup>

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<sup>1</sup> Joint Application (filed Mar. 16, 2017), Exhibit A.

<sup>2</sup> Id. at 1.

<sup>3</sup> Id., Exhibit A.

3. LH Treatment Company, LLC, the Purchaser under the Agreement, is a Kentucky Limited Liability Company in good standing.<sup>4</sup>

4. The Longview Subdivision wastewater treatment plant is an above-grade package sewage treatment plant, constructed from 1971 to 1975 to serve Longview. In 1990 it was expanded and overhauled to include Homestead Subdivision and development areas for the future. Currently, Longview wastewater treatment plant serves 285 single-family residences in Longview and Homestead Subdivisions, a Scott County fire station in front of Homestead, and a 16-unit apartment building owned by Longview Golf Course.<sup>5</sup>

5. The design treatment capacity of the Longview Subdivision wastewater treatment plant is 100,000 gallons per day, and the current average is approximately 40,000 gallons per day.<sup>6</sup>

6. Longview Subdivision wastewater treatment plant is not subject to the regulation of any metropolitan sewer district.

7. Longview Subdivision wastewater treatment plant is being operated by Joe Arnold, who has Wastewater Class 2 and Collections Class 2 licenses, and Kevin Hammond. Mr. Arnold had 30 years of water and sewer service experience and has worked for Longview since 2001 in his present capacity. Mr. Hammond has overseen and managed operations at Longview since 1999 and is the owner of LH Treatment Company, LLC. They will continue in their present positions under LH.

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<sup>4</sup> Id. at 2.

<sup>5</sup> Id. at 3.

<sup>6</sup> Id.

8. On August 23, 2016, Longview and LH entered into the Agreement. Pursuant to the Agreement, the Members of Longview will transfer all of their membership units in Longview to LH for the purchase price of \$1.00.<sup>7</sup>

9. The sole member of LH is Ken Hammond, who currently co-manages Longview Subdivision wastewater treatment plant.<sup>8</sup>

10. KRS 278.020(6) provides that “[n]o person shall acquire or transfer ownership of, or control, or the right to control any utility under the jurisdiction of the commission by sale of assets, transfer of stock, or otherwise . . . without prior approval by the commission. The commission shall grant its approval if the person acquiring the utility has the financial, technical, and managerial abilities to provide reasonable service.”

11. KRS 278.020(7) states that “[n]o individual, group, syndicate, general or limited partnership, association, corporation, joint stock company, trust, or other entity. . . shall acquire control, either directly or indirectly, of any utility furnishing utility service in this state, without having first obtained the approval of the commission . . . . The commission shall approve any proposed acquisition when it finds that the same is to be made in accordance with law, for a proper purpose and is consistent with the public interest.”

12. Longview Subdivision wastewater treatment plant is a utility as defined in KRS 278.010(f), and thus its transfer is subject to the jurisdiction of the Commission and requires our approval.

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<sup>7</sup> Id., Exhibit A.

<sup>8</sup> Id.

13. Upon completion of the proposed transfer, LH will have the financial, technical, and managerial abilities to provide reasonable service to the Longview customers.

14. LH's acquisition of the Longview Subdivision wastewater plant assets is in accordance with law, is for a proper purpose, and is consistent with the public interest.

IT IS THEREFORE ORDERED that:

1. The proposed transfer of Longview Subdivision wastewater treatment plant to LH, pursuant to the terms of the Agreement, is approved, subject to the conditions set forth in ordering paragraphs 2 through 5, as of the date of this Order.

2. On or before closing, LH shall obtain all necessary permits for the operation of Longview Subdivision wastewater treatment plant.

3. LH shall notify the Commission in writing of the closing of the transaction within ten days of the closing and shall file with the Commission the journal entries used to record the purchase within 30 days of the closing.

4. If the transaction does not close within 60 days of the date of this Order, the Joint Applicants shall file with the Commission a report on the status of their efforts to complete the transfer.

5. Any material revisions to the proposed transfer shall be approved by the Commission in order for the amendment to be effective.

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

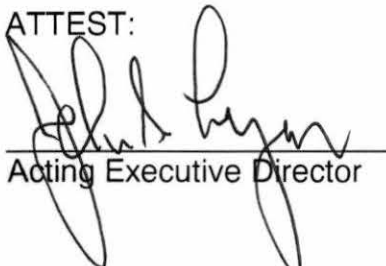
7. The Executive Director is delegated authority to grant reasonable extensions of time for the filing of any documents required by this Order upon a showing of good cause for such extension.

8. This case shall be closed and removed from the Commission's docket.

By the Commission

ENTERED  
JUL 12 2017  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:



Acting Executive Director

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