



Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Daniel E. Logsdon Jr.  
Commissioner

## NEWS RELEASE

Contact:  
Andrew Melnykovich  
502-782-2564 or 502-564-3940  
502-330-5981 (cell)  
Andrew.Melnykovich@ky.gov

### **PSC Authorizes Abandonment of Cedarbrook Sewer System *Seeks takeover by Harrison Co. Sanitation District before April 30 shutdown date***

**FRANKFORT, Ky. (March 13, 2015)** – The Kentucky Public Service Commission (PSC) has authorized the abandonment of the Cedarbrook sewer system, a small utility serving 52 homes in southern Harrison County.

In an order issued today, the PSC suggested that the recently formed Harrison County Sanitation District (HCSD) take over the Cedarbrook system prior to the April 30 date on which its owner is allowed to cease operation. HCSD has not said it is willing to do so.

If the HCSD and Cedarbrook cannot agree on a takeover by April 15, the PSC will ask a court to appoint the sanitation district as the receiver, or temporary operator, of the system.

Cedarbrook is not financially viable as a for-profit utility and its owner, R.A. Williams Construction Co., is no longer capable of providing service, the PSC found. The request to abandon the facility should be granted, the PSC said.

“The loss of utility service is regrettable under any circumstance, and such loss of service is further exacerbated in this situation by the potential for the 52 homes in the Cedarbrook subdivision to be declared no longer habitable” if sewer service is lost, the PSC said in today’s order.

Therefore, the PSC is hoping for an agreement under which the HCSD would operate Cedarbrook until the district can apply for and receive grant funding that would enable it to take over the system on a permanent basis.

The PSC noted that the HCSD was formed shortly after Cedarbrook filed an abandonment petition with the PSC last year. HCSD representatives have repeatedly indicated their goal of taking over Cedarbrook by late this year, the PSC said.

However, at a PSC hearing held last week, HCSD Chairman Scott McCaulley said the district was unwilling to operate Cedarbrook on a temporary basis.

**-more-**

McCaulley also said the district would not accept appointment as a receiver for the utility.

R.A. Williams President Ron Osborne had earlier agreed to operate Cedarbrook through the end of March. The PSC order directs him to continue operations through the end of April and to report to the PSC by April 15 on the status of any agreement with the HCSD.

If no agreement is reached, the PSC said it will go to Franklin Circuit Court to seek appointment of the district as the receiver for Cedarbrook. HCSD is not obligated to accept an appointment.

If HCSD does not take over operation of Cedarbrook, the utility should be shut down in “a safe and orderly manner,” with the facility secured, power disconnected and chemicals disposed of properly, the PSC said.

Osborne testified at the PSC hearing to the extent of Cedarbrook’s financial problems, Even if all of its customers paid their monthly bill – at \$62 one of the highest in Kentucky – the utility would still not have enough revenue to cover its routine operating costs, he said.

About half the customers are current on their bills, with the others owing Cedarbrook a total of about \$32,000, Osborne said. Efforts to collect the unpaid bills have had minimal effect, he said. BEX Construction, which owns R.A. Williams, has subsidized Cedarbrook over the years, putting \$228,000 into the system which it will never recoup, he said.

In addition to the ongoing financial problems, the Cedarbrook system also needs at least \$300,000 in repairs to correct problems that result in discharges of untreated sewage into a nearby creek during even moderate rains, Osborne said.

Given the lack of financial viability and the absence of other options, the only possible way to continue sewer service to the Cedarbrook residents is operation by the HCSD on an interim basis pending a permanent transfer to the district, the PSC concluded.

The PSC evidentiary hearing in the matter was held March 3. The only other party to the case was the Kentucky Office of Attorney General. However, the PSC’s order also will be served on the HCSD; Harrison County Judge-Executive Alex Barnett; the Kentucky Division of Water, which regulates the discharge from the Cedarbrook plant; and the Wedco District Health Department, which includes Harrison County.

Today’s order, other records in the case and a video recording of the hearing are available on the PSC website, [psc.ky.gov](http://psc.ky.gov). The case number is 2014-00091.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 85 employees.