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NEWS RELEASE

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PSC OKs Sale of Floyd County Water and Sewer Systems

City of Prestonsburg to take over from Southern Water and Sewer District

FRANKFORT, Ky. (May 2, 2017) – The Kentucky Public Service Commission (PSC) has approved the city of Prestonsburg's purchase of the sewer operations of Southern Water and Sewer District, as well as some of the district's water operations.

Prestonsburg's utility commission is paying \$2.14 million for the operations, a figure that includes assuming responsibility for about \$1.19 million in outstanding debt owed by Southern Water and Sewer District.

In an order issued today, the PSC found that the sale will improve Southern's financial condition by leaving it with no outstanding debt related to the operations being sold. The PSC also found that, as required by Kentucky law, Prestonsburg has the financial, technical and managerial abilities to provide reasonable service to the former Southern customers.

Furthermore, the sale is consistent with the public interest and furthers the state's goal to regionalize and consolidate water and wastewater systems in Kentucky, the PSC said.

The sale includes two water systems serving 1,160 customers and sewer systems and treatment plants serving about 300 customers in Floyd County.

The water systems are the Pyramid distribution system in western Floyd County and the Sandy Valley system, which is largely in eastern Floyd County, with some customers in Pike County. The joint application filed with the PSC states that Prestonsburg will be better able to provide reliable service to the areas, which are in the remote reaches of Southern's service territory.

The sewer systems are the Harold/ Betsy Layne, Wayland and Eastern wastewater collection systems and associated sewage treatment plants. Under an agreement with Southern, Prestonsburg has operated and maintained the systems for nearly a year, largely in an effort to correct persistent water pollution problems found by state environmental inspectors.

Prestonsburg currently serves about 7,800 water customers and about 2,800 sewer customers. The sale will leave Southern Water and Sewer District with about 5,565 water customers in Floyd County.

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Because the Prestonsburg Utility Commission is a city-owned entity, its service and retail rates are not under PSC jurisdiction. However, Prestonsburg has committed not to increase Southern's current rates for at least three years for the customers affected by the transfer.

Customer deposits being held by Southern Water and Sewer District will be transferred to the Prestonsburg Utility Commission when the transaction is completed.

Today's order and other records in the case are available on the PSC website, psc.ky.gov. The case number is 2017-00044.

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 75 employees.

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