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NEWS RELEASE

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PSC Approves Transfer of Cedarbrook Sewer System

Harrison County Sanitation District will take over, exit receivership

FRANKFORT, Ky. (June 29, 2016) – The Kentucky Public Service Commission (PSC) today approved the transfer of the Cedarbrook sewer system, which serves 52 homes in southern Harrison County, to the Harrison County Sanitation District (HCSD).

In an order issued today, the PSC found that, as required by Kentucky law, HCSD has the financial, technical and managerial capacity to operate the utility and that a transfer would be in the public interest. HCSD has been operating the system since May 1, 2015, after being appointed as the receiver (temporary operator) by Franklin Circuit Court.

Cedarbrook filed an abandonment petition with the PSC in early 2014. The PSC in March 2015 declared Cedarbrook to be abandoned after finding that it was not financially viable as a for-profit utility and that its then-owner, R.A. Williams Construction Co., was no longer capable of providing service.

HCSD was formed in July 2014, in part for the purpose of eventually taking over the Cedarbrook system in order to keep it operating. The sanitation district agreed to act as receiver while it applied for funding that would enable it to take over the system on a permanent basis.

Since then, HCSD has received a \$1 million Community Development Block Grant and a \$1.57 million Kentucky Infrastructure Authority loan. Those funds will be used for, among other things, replacement of the leaky Cedarbrook sewer system and its old wastewater treatment plant, which has been cited for repeated water quality violations by the Kentucky Division of Water.

Today's PSC order will take final effect when Franklin Circuit Court issues an order terminating the receivership and transferring the Cedarbrook system to the ownership of HCSD. At that time, the wastewater services provided to Cedarbrook residents and the rates charged for those services will no longer be under the jurisdiction of the PSC, which has no direct jurisdiction over county sanitation districts.

The PSC will review any agreement between HCSD and the Harrison County Water Association regarding the terms under which the water association would disconnect customers who do not pay their sewer bills and the fees it will charge for disconnection and reconnection. The water association provides water to Cedarbrook and is under PSC jurisdiction.

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Today's order and the case file are available on the PSC website, psc.ky.gov. The case number is 2016-00164. The case file and a video recording of the hearing in the abandonment case also are available on the PSC website. That 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.

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