

COMMONWEALTH OF KENTUCKY  
BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of

THE APPLICATION OF HIGHVIEW	)	
SEWER DISTRICT, INC.	)	
FOR AUTHORITY TO ACQUIRE	)	CASE NO. 7987
AND OPERATE SEWERS OWNED	)	
BY JOHN TREITZ & SONS IN	)	
JEFFERSON COUNTY, KENTUCKY	)	

ORDER

On October 8, 1980, Highview Sewer District, Inc. ("Highview") filed an application to acquire and operate sewage collection lines owned by John Treitz and Sons. The acquisition agreement provided that John Treitz and Sons would convey the sewage collection lines in Spring Mill subdivision ("Spring Mill") including a 400-foot section of line known as the "Prater addition", and in return, Highview agreed to maintain the lines and to use its best efforts to collect a maximum of \$4,000 from each commercial facility connected to the "Prater addition" line. The funds collected were then to be paid to John Treitz and Sons. Aside from the contingency of obtaining the Commission's approval, the agreement specified it was further contingent upon the following: a finding that John Treitz and Sons was no longer a utility subject to the jurisdiction of the Commission; a rescission of the Commission's show cause order in Case No. 7919 and a dismissal of the complaint of Fred Pfannenschmidt, Jr. in Case No. 7692 not otherwise consolidated with Case No. 7792.

The Commission held a hearing on December 9, 1980 at the Commission's offices to consider the application. At the hearing, the records from Case Numbers 7692, 7792 and 7919 were incorporated into the record of this matter by

reference. Highview offered the testimony of its President, Richard Treitz.

The Commission having reviewed the record, having heard testimony and being advised, is of the opinion and FINDS:

1. That John Treitz and Sons developed Spring Mill and constructed the sewage collection lines in that subdivision between 1966 and 1970.

2. That John Treitz and Sons began construction of an (8) eight-inch collection line extending 1600 feet through Spring Mill to Fegenbush Lane in 1969 in order to serve some anticipated commercial customers.

3. That John Treitz and Sons discontinued further construction on the line in 1970 after learning that the prospective commercial customers had been served by a neighboring sewer utility instead.

4. That the 1600-foot line was and is being used to collect sewage from a number of residential customers in Spring Mill.

5. That none of the residential lot owners in Spring Mill paid a contribution in aid of construction before tapping on to the sewer collection lines of John Treitz and Sons.

6. That Pioneer-American Enterprises, Inc. ("Pioneer") constructed the 400-foot "Prater addition" in 1977 in order to develop a new commercial area between Vaughn Mill Road and Fegenbush Lane, envisioning that the line could serve at least eight (8) lots.

7. That the "Prater addition" was transferred to John Treitz and Sons after its completion in return for John Treitz and Sons allowing the line to be connected to their 1600-foot line.

8. That according to an agreement dated August 22, 1977, John Treitz and Sons was to collect certain "tap-on" fees

from lot owners as they connected to the "Prater addition" and refund a specified amount of those fees to Pioneer. The total amount to be refunded to Pioneer was not to exceed \$8,000.

9. That the "tap-on" fees are more appropriately termed contributions in aid of construction since the fee is used to defray the cost of the extension, not an individual connection.

10. That John Treitz and Sons has a zero basis in the "Prater addition" and that there is no reliable evidence as to the cost of the 1600-foot collection line constructed by John Treitz and Sons.

11. That Highview has demonstrated it is ready, willing and able to assume the ownership and operation of the lines owned by John Treitz and Sons in Spring Mill Subdivision.

12. That Highview's application for the acquisition of certain sewer lines should be denied, as proposed.

13. That Highview should be allowed to acquire and operate the sewer lines in Spring Mill under the following conditions:

A. John Treitz and Sons agrees to transfer all of the sewage collection lines it owns in Spring Mill to Highview, including the 1600-foot line and the 400-foot "Prater addition".

B. John Treitz and Sons agrees to refund the difference between the contributions in aid of construction it has collected and \$1,000 per lot to those property owners who have paid these charges.

C. Highview agrees to charge \$1,000 per lot as a contribution in aid of construction to those customers served from the "Prater addition" in the future.

D. Highview agrees to pay the \$1,000 contributions collected directly to Pioneer.

Based upon the above-stated findings, it is therefore ORDERED that the application of Highview Sewer District, Inc. to acquire certain sewage collection lines from John Treitz and Sons, as proposed, is denied.

It is FURTHER ORDERED that Highview Sewer District, Inc. is hereby authorized to acquire and operate the sewage collection lines in Spring Mill Subdivision owned by John Treitz and Sons provided each of the following conditions are met:

1. John Treitz and Sons agrees to transfer all of the sewage collection lines owned by them in Spring Mill Subdivision to Highview Sewer District, Inc., including the 1600-foot line and the 400-foot "Prater addition".

2. John Treitz and Sons refunds the difference between the contributions in aid of construction it has collected and \$1,000 per lot to those property owners who have paid these charges.

3. Highview Sewer District, Inc. charges \$1,000 per lot as a contribution in aid of construction to those customers served from the "Prater addition" in the future.

4. Highview Sewer District, Inc. pays the \$1,000 contributions it collects directly to Pioneer-American Enterprises, Inc.

Done at Frankfort, Kentucky, this 20th day of February, 1981.

UTILITY REGULATORY COMMISSION

Did not participate

Chairman

*James G. ...*

Vice Chairman

*Mary Kay ...*

Commissioner

ATTEST:

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Secretary