

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION
(formerly UTILITY REGULATORY COMMISSION)

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In the Matter of

THE JOINT APPLICATION OF THE CITY)
OF FULTON, A FOURTH CLASS CITY OF)
FULTON COUNTY, KENTUCKY, AND THE)
SOUTHWESTERN KENTUCKY WATER DISTRICT,)
A WATER DISTRICT OF FULTON AND HICKMAN)
COUNTIES, KENTUCKY, CREATED AND EXIST-)
ING UNDER AND BY VIRTUE OF CHAPTER 74)
OF THE KENTUCKY REVISED STATUTES, FOR)
APPROVAL OF A "CONTRACT OF SALE AND)
PURCHASE" PROVIDING FOR THE PURCHASE)
BY SAID CITY FROM SAID WATER DISTRICT)
OF THE EXISTING WATERWORKS DISTRIBUTION)
SYSTEM OF THE DISTRICT, SUBJECT)
TO THE EXISTING BONDS AND OTHER)
ENCUMBRANCES AGAINST SAID SYSTEM)

CASE NO. 8036

O R D E R

On November 14, 1980, the City of Fulton, Fulton County, Kentucky, a city of the fourth class (hereinafter referred to as "City"), and the Southwestern Kentucky Water District, a water district organized under Chapter 74 of the Kentucky Revised Statutes (hereinafter referred to as "District"), respectfully filed a Joint Application with appropriate attachments thereto seeking this Commission's approval of the sale of the District's water system to the City and the approval of the dissolution of the District pursuant to a "Sale and Purchase Agreement" dated November 10, 1980. The terms and conditions of the said Agreement are delineated in the signed copy filed in this record.

The District purchases water from the City for resale to approximately 300 retail customers located in neighboring areas of Fulton and Hickman Counties. The District has been in operation since early 1971. The initial long-term debt of \$170,000 had been reduced to \$159,000 principal, and outstanding interest of \$31,938.75 as of July 31, 1980.

This matter was set for public hearing at the Commission's offices in Frankfort, Kentucky, on February 12, 1981. All parties of interest were notified and no protests were entered. At the hearing, certain requests for additional information were made by the Commission staff. This information has been filed and the matter is now considered to be fully submitted for a final determination by this Commission.

FINDINGS IN THIS MATTER

The Commission, after consideration of the evidentiary record and being advised, is of the opinion and finds that:

1. The public interest will be better served in this instance by combining the two contiguous water systems into one water system, in that certain economies should be realized in the management, maintenance and operation of one system for all of the customers now served by two systems. Further, that a copy of the City's feasibility study regarding acquisition and operation of the District's water system has been included in the record of this case.

2. The District is ready, willing and able to sell and the City is ready, willing and able to purchase and operate the

system and to provide adequate and reliable water service to the customers presently served by the District. Further, that the City will continue to employ such persons as are knowledgeable and experienced for adequate and efficient operation of the combined water systems. Further, that the City plans to establish and maintain a program for leak detection and correction to reduce the excessive water loss that has been suffered by the District.

3. The agreed upon purchase price is \$10 plus the assumption of all the liabilities and obligations of the District by the City. Further, that the District is not obligated to pay any fees, commissions, or other costs in connection with the sale of its water system to the City.

4. The terms and conditions of the sale and purchase agreement dated November 10, 1980 should be approved by this Commission.

5. The City will adopt the District's existing water service rates for the continuance of service by the City to customers now served by the District.

6. This Commission's requirement for the filing of an Annual Report for calendar year 1981 should be waived in this instance.

7. The District should petition the Fulton and Hickman County Courts for orders effecting dissolution of the District to become effective upon consummation of the Sale and Purchase Agreement. Further, that copies of said orders should be furnished this Commission by the District within thirty (30) days of the effective dates thereof.

8. Since municipally-owned water utilities are not subject to the regulatory jurisdiction of this Commission, the date of consummation of the aforementioned Sale and Purchase Agreement will be the date on which this Commission's jurisdiction over the facilities now owned by the District is terminated. On the said date, the District should forward to this Commission a duly signed notice that the Sale and Purchase Agreement has been consummated.

ORDERS IN THIS MATTER

The Commission, on the basis of the findings hereinbefore set forth and the evidentiary record in this matter:

HEREBY ORDERS that the terms and conditions of the aforementioned Sale and Purchase Agreement dated November 10, 1980 and filed November 14, 1980 with this Commission be and are hereby approved.

IT IS FURTHER ORDERED that the Utility's obligation to file an annual report in accordance with Section 3 of 807 KAR 5:006 E be and is hereby set aside for calendar year 1981.

IT IS FURTHER ORDERED that a copy of the orders of the Fulton and Hickman County Courts effecting dissolution of the District shall be filed with this Commission by the District within thirty (30) days of the effective date of the said orders.

IT IS FURTHER ORDERED that the consummation of the Sale and Purchase Agreement approved herein shall effect the termination of this Commission's jurisdiction over the water system formerly owned by the District. Further, that on the said date, the District shall forward to this Commission a duly signed notice that the Sale and Purchase Agreement has been consummated.

Done at Frankfort, Kentucky, this 7th day of April, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Vohy
Chairman

Katherine Randall
Vice Chairman

Don Harrison
Commissioner

ATTEST:

Secretary