

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE MERGER OF THE SHADY VILLA SEWER)
CONSTRUCTION DISTRICT INTO THE)
LOUISVILLE AND JEFFERSON COUNTY) CASE NO. 9575
METROPOLITAN SEWER DISTRICT)
LOUISVILLE, KENTUCKY)

O R D E R

On May 6, 1986, Shady Villa Sewer Construction District ("Shady Villa") filed an application requesting the Commission to approve its plan to merge with the Louisville and Jefferson County Metropolitan Sewer District ("MSD"). Shady Villa owns and operates a sewage disposal plant and maintains a sanitary sewer system serving in excess of 600 customers in the southeastern part of Jefferson County, Kentucky. MSD owns and operates a sewer facility for the City of Louisville and portions of Jefferson County, Kentucky.

Shady Villa's application states that it has not been able to maintain a satisfactory level of treatment in accordance with local, state and federal health and environmental rules and regulations. As a result of its inability to obtain the necessary funds to upgrade its system to meet the applicable rules and regulations, Shady Villa has proposed to merge with MSD.

Based on the evidence of record and being advised, the Commission is of the opinion and hereby finds that:

1. Shady Villa and MSD entered into an Agreement on April 17, 1986, whereby MSD has been granted complete possession, use, custody and control of Shady Villa for the purposes of operating, maintaining, modifying, repairing and replacing Shady Villa's system as needed. MSD will further construct a sewer line to enable the Shady Villa waste water to be treated at MSD's existing treatment facilities.

2. All existing customers of Shady Villa will become customers of MSD and will be charged in accordance with MSD's schedule of rates.

3. MSD agrees to loan Shady Villa the amount of debt service payments for which Shady Villa is in arrears on its 1964 Bonds, the amount of the loan to be subsequently recovered by MSD from collections of annual assessments levied against the properties benefited by the issuance of the 1964 Bonds.

4. MSD possesses the requisite ability to operate the Shady Villa Sewer System and provide adequate, efficient and reasonable service to Shady Villa's customers.

5. Shady Villa should file with the Commission its 1986 Annual Report covering the period through the date of merger with MSD.

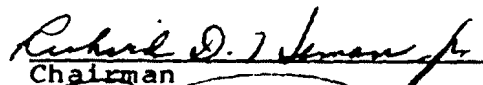
IT IS THEREFORE ORDERED that:

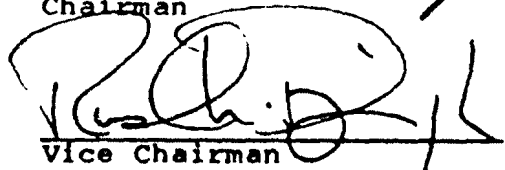
1. Shady Villa's request to merge into MSD be and it hereby is approved.

2. Shady Villa shall file within 30 days of the date of this Order its 1986 Annual Report for its operations through the date of merger with MSD.

Done at Frankfort, Kentucky, this 20th day of June, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary