

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE ALLEGED)
OWNERSHIP AND OPERATIONS OF AIRVIEW,) CASE NO. 10401
INC., BY FRED SCHLATTER)

SHOW CAUSE ORDER

In December 1985, March 1987, and March 1988, the Commission sent an investigator to Hardin County, Kentucky, to locate and investigate the possible existence of a wastewater treatment facility owned by Fred Schlatter. The investigative report indicates that a water and sewage treatment utility does exist north of Elizabethtown in Hardin County, Kentucky, and is owned by Fred Schlatter. Reports regarding the operating condition of this utility have been sent to Fred Schlatter on three separate occasions; however, no response has been received. Based upon the reports attached as Appendix A, the Commission finds this utility is being operated in violation of the requirements of KRS Chapter 278 and the Commission's administrative regulations.

Therefore, the Commission, on its own Motion, hereby ORDERS that:

1. A hearing be and it hereby is scheduled for November 10, 1988, at 1:30 p.m., Eastern Standard Time, in Hearing Room No. 2 of the Commission's Engineering Annex, 677 Comanche Trail, Frankfort, Kentucky.

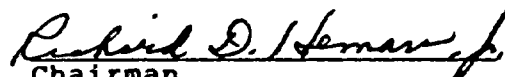
2. Fred Schlatter shall appear at the hearing and show cause, if any he can, why he should not be subject to the penalties prescribed in KRS 278.990 for failure to comply with the Commission's regulations as set forth in the attached Commission Staff Reports.

3. At the hearing, Staff who prepared the Reports on the inspections of Airview, Inc. (Appendix A), will present the Reports through direct examination by Staff Counsel and will be available for cross-examination.

4. Fred Schlatter shall also have until the close of business 2 weeks from the date of this Order to file written comments concerning the contents of Appendix A.

Done at Frankfort, Kentucky, this 17th day of October, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

R E P O R T

TO: Claude G. Rhorer, Jr., Director
Division of Engineering and Services *CR*

THRU: Eddie B. Smith, Chief Engineer *EBS*
Water and Sewage Section

FROM: Larry N. Updike, Chief Utility Investigator
Water and Sewage Section *L.N.U.*

RE: Field investigation of Airview, Inc., to
determine if it is operating as a public
utility pursuant to Public Service Commission
rules and regulations

DATE: January 21, 1986

On December 9, 1985, the Public Service Commission (Commission) received information from the Department of Natural Resources and Environmental Protection, Division of Water, concerning the existence of a small utility that may be in violation of Commission rules and regulations. This utility serves the Airview Estates Subdivision and d/b/a Airview, Inc.

On January 3, 1986, a field inspection was initiated to determine: (a) if the company is operating as a public utility pursuant to state law and regulations and (b) the conditions which the utility is operating at the current time.

Investigation

This investigation included researching the records of the Division of Water, Department of Natural Resources and Environmental Protection, and an on-site inspection of the

Report - Airview, Inc.
January 21, 1986
Page Two

waste water treatment plant serving Airview Estates Subdivision. Mr. Fred Schlatter, owner, and Mr. Bob Best, plant operator, provided information and assistance concerning the plant's operations.

This investigation revealed the following information:

1. The construction permit was issued on May 18, 1972.
2. The waste water treatment system consists of a 55,000 g.p.d. treatment plant, one lift station and a lagoon.
3. The waste water treatment plant was designed for 139 residential units at 400 g.p.d. per unit.
4. Airview Estates Subdivision is located approximately .4 miles on Airport Road, which is approximately 4.0 miles north of Elizabethtown, off Dixie Highway/U.S. 31.
5. The office address for Airview, Inc., is as follows:

Airview, Inc.
c/o Fred Schlatter
7329 St. Andrew Road
Louisville, Kentucky 40214
6. Airview, Inc., is receiving compensation for the sewage treatment service it is providing its customers.
7. Airview, Inc., has not filed its annual report or rules and regulations with the Commission.

8. Certain improvements/corrections are needed to bring this plant into compliance with Commission rules and regulations. They are as follows:

a. The diffusers need to be inspected and repaired or replaced as necessary.

b. The plant area needs to have the weeds cut and a general clean up.

c. The rotating skimmer arm in the clarifier needs to be adjusted.

d. The sludge in the clarifier needs to be removed.

e. The air lift that operates the skimmer needs to be unstopped.

f. One blower is missing. This item needs to be replaced and placed in operation.

Conclusions

1. The waste water treatment system d/b/a Airview, Inc., is operating as a public utility.

2. Airview, Inc., should be required to file all information required by the Commission and its rules and regulations necessary to bring this utility into compliance with Kentucky Revised Statutes Chapter 278 and Kentucky Administrative Regulations 807.

3. The Commission should place Airview, Inc., under its jurisdiction subject to all its rules and regulations.

Report - Airview, Inc.
January 21, 1986
Page FOUR

4. All improvements/corrections necessary to bring Airview, Inc., into compliance with KRS 278 and 807 KAR should be made.

LNU:mfb

Commonwealth of Kentucky
Public Service Commission

UTILITY INSPECTION REPORT

Airview, Inc.
Louisville, Kentucky

April 28, 1987

Utility operations, utility maintenance, utility management and their impact on utility services and operating costs are a primary concern of the Commission and this Division. Our ongoing inspection program is to determine if the utility is in compliance with Kentucky Revised Statutes (KRS 278), Public Service Commission (PSC) Regulations (807 KAR) and that adequate, efficient and reasonable service is being provided.

Daily maintenance, daily operations and good operating records are essential in the operation of an efficient utility. Our inspections are intended to determine if the utility is in compliance with PSC regulations in these areas.

On March 2, 1987, Airview, Inc., sewage treatment system was inspected for compliance with KRS 278 and PSC regulations (807 KAR). No one representing the utility was present during the inspection although they were notified of the inspection date and time.

The improvements or corrections necessary to bring this facility into compliance with KRS 278 and PSC regulations (807 KAR) are as follows:

1. The diffusers need to be inspected and repaired or replaced as necessary. (807 KAR 5:071, Section 7, 1)

Report - Airview, Inc.
Page 2
April 28, 1987

2. The plant area needs to have the weeds cut and a general cleanup. (807 KAR 5:071, Section 7, 1)
3. One blower is missing. This item needs to be replaced and placed in operation. (807 KAR 5:071, Section 7, 1)
4. The existing blower and motor needs to be made operational and put in service. (807 KAR 5:071, Section 7, 1)
5. The affluent line at the creek needs to be repaired. (807 KAR 5:071, Section 7, 1)
6. The plant has overflowed. The sludge on the ground around the plant needs to be cleaned up and lime placed on the area. (807 KAR 5:071, Section 7, 4)
7. Chlorine needs to be added to sewage treatment. (807 KAR 5:071, Section 7, 1)
8. The bar screen needs to be kept clean at all times. (807 KAR 5:071, Section 7, 1)
9. The sludge on the ground near the creek needs to have lime placed on it. (807 KAR 5:071, Section 7, 1)
10. A new chlorination unit is needed. (807 KAR 5:071, Section 7, 1)
11. The digester needs to be placed in operation. (807 KAR 5:071, Section 7, 1)
12. A fan is needed in the building housing the chlorination unit. (807 KAR 5:071, Section 7, 1)
13. The utility has not filed its 1985 Annual Report. (807 KAR 5:071, Section 7, 1)
14. The utility has not filed with the Commission its existing rates, rules and regulations. (807 KAR 5:071, Section 7, 1)

Report - Airview, Inc.

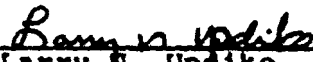
Page 3

April 28, 1987

Recommendations

Items 1, 2, 3, 13 and 14 listed above are repeat violations. These violations were noted in the inspection report of February 7, 1986. The Commission staff is very concerned about these continuing deficiencies. We feel that an appropriate amount of time to make the corrections has been allowed. The utility has not corrected these deficiencies, therefore, it is recommended that the Commission consider assessing penalties against the utility, its officers, and employees as provided by KRS 278.990.

Submitted
April 28, 1987



Larry N. Updike
Utility Investigator

CGR:LNU:aem

Commonwealth of Kentucky
Public Service Commission

UTILITY INSPECTION REPORT

Airview, Inc.
Elizabethtown, Kentucky

Utility operations, utility maintenance, utility management and their impact on utility services and operating costs are a primary concern of the Commission and this Division. Our ongoing inspection program is to determine if the utility is in compliance with Kentucky Revised Statutes (KRS 278), Public Service Commission (PSC) Regulations (807 KAR) and that adequate, efficient and reasonable service is being provided.

Daily maintenance, daily operations and good operating records are essential in the operation of an efficient utility. Our inspections are intended to determine if the utility is in compliance with PSC regulations in these areas.

On March 29, 1988, Airview, Inc., sewage treatment system was inspected for compliance with KRS 278 and PSC regulations (807 KAR). This utility consists of a wastewater treatment plant, a collection system and a lagoon. This system is located in Hardin County and has approximately 169 customers. No one representing the utility was present during the inspection.

The improvements or corrections necessary to bring this facility into compliance with KRS 278 and PSC regulations (807 KAR) are as follows:

1. The diffusers need to be inspected and repaired or replaced as necessary. (807 KAR 5:071, Section 7, 1)

2. The plant area inside the chain link fence needs to have the trees and weeds cut. Also a general cleanup. (807 KAR 5:071, Section 7, 1)
3. All sludge deposits in the clarifier need to be removed. (807 KAR 5:071, Section 7, 1)
4. The skimmer arm needs to be repaired. (807 KAR 5:071, Section 7, 1)
5. Chlorine needs to be added to sewage treatment. (807 KAR 5:071, Section 7, 1)
6. An air leak in the line feeding the diffusers needs to be repaired. (807 KAR 5:071, Section 7, 1)
7. The sludge and grease ball piles around the base of the plant needs to be removed. (807 KAR 5:071, Section 7, 1)
8. The lagoon impoundment bank needs to be inspected for muskrat damage and repaired if necessary. (807 KAR 5:071, Section 7, 1)
9. The digester is reddish in color. This indicates that a material is being put in the system that is not supposed to be there. This should be investigated. (807 KAR 5:071, Section 7, 1)
10. The lagoon needs to be treated for algae. (807 KAR 5:071, Section 7, 1)
11. The bar screen needs to be kept clean at all times. (807 KAR 5:071, Section 7, 1)
12. The area around the plant where sludge has been laying needs to be limed. (807 KAR 5:071, Section 7, 1)
13. A fan is needed in the building housing the chlorination unit. (807 KAR 5:071, Section 7, 1)
14. A new chlorination unit is needed. (807 KAR 5:071, Section 7, 1)

Recommendations

The repair or correction of the deficiencies listed above is necessary in order to restore this facility to an acceptable operating condition. The pertinent section of the Kentucky Administrative Regulations has been listed by each deficiency for your convenience. A written response should be prepared and forwarded to the Commission by May 6, 1988, outlining a correction schedule stating what has been completed or what will be done to correct each deficiency and the related cost of each correction. A starting date and a completion date should be given for corrections that are to be completed after the date this response is mailed.

Items 1, 2, 5, 7, 11, 12, 13 and 14 listed above are repeat violations. These violations were noted in the inspection report of March 2, 1987. The Commission is concerned about the utility's failure to make all corrections necessary to bring the facility into compliance with KRS 278 and PSC regulations (807 KAR). The failure to correct any violations may be considered cause for enforcement proceedings to be initiated. If such action becomes necessary, penalties may be imposed against the utility pursuant to KRS 278.990.

Submitted,
April 6, 1988


Larry N. Updike
Utility Investigator

EBJ
OK