

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

|   |   |                 |
|---|---|-----------------|
| <b>APPLICATION OF THE LOUISVILLE AND</b>    | ) |                 |
| <b>JEFFERSON COUNTY METROPOLITAN SEWER</b>  | ) | <b>CASE NO.</b> |
| <b>DISTRICT FOR APPROVAL TO ACQUIRE THE</b> | ) | <b>90-347</b>   |
| <b>ASSETS OF YORKTOWN SEWAGE TREATMENT</b>  | ) |                 |
| <b>FACILITIES, INC.</b>                     | ) |                 |

**O R D E R**

On November 7, 1990, the Louisville and Jefferson County Metropolitan Sewer District ("MSD") submitted an application for approval of an agreement to transfer ownership of Yorktown Sewage Treatment Facilities, Inc. ("Yorktown") to MSD.

Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Yorktown owns and operates a wastewater treatment plant serving approximately 231 customers in the Yorktown Subdivision of Jefferson County, Kentucky, and is therefore a "utility" as defined by KRS 278.010(3)(f).

2. MSD is a public body corporate and political subdivision created for the purpose of providing adequate sewer and drainage facilities in and around Jefferson County, Kentucky. KRS 76.010.

3. MSD and Yorktown have agreed to the transfer of ownership of the Yorktown wastewater treatment plant and all real

property interest associated therewith to MSD for a total consideration of \$170,460. The Agreement which sets out the terms and conditions of the transfer is attached hereto as the Appendix and incorporated herein by reference.

4. Paragraph 2 of the Agreement provides that the transfer will not formally occur until Exhibits A and B, a Deed and Bill of Sale attached to the Agreement are executed, and that payment by MSD of the consideration will be deferred until MSD obtains the necessary funds. The Agreement further provides that it shall become null and void, unless extended by written amendment executed by the parties, if formal closing does not occur within one year from the date of its execution.

5. Paragraphs 3 and 4 of the Agreement provide that MSD does not expect to obtain the necessary funds to pay the consideration prior to April of 1991, and that Yorktown will continue to operate and maintain the wastewater treatment facility during the interim before formal closing occurs.

6. KRS 278.020 requires Commission approval of the proposed transfer of ownership of the Yorktown wastewater treatment plant.

7. As of June 30, 1989, MSD had total assets of \$436,216,166 and total liabilities of \$42,690,879.

8. MSD has approximately 81 employees licensed as wastewater treatment plant operators.

9. MSD has the financial, managerial, and technical abilities to provide reasonable utility service to the persons currently served by Yorktown.

10. The Commission will retain jurisdiction over the Yorktown wastewater treatment plant until such time as formal closing occurs.

IT IS THEREFORE ORDERED that:

1. The transfer of ownership of the assets of Yorktown to MSD, per the terms of the Agreement is hereby approved.

2. MSD shall file an executed copy of the Agreement with the Commission within 21 days of the date of this Order. Should any of the terms and conditions set out therein change before the formal transfer of ownership, the approval granted herein shall be null and void and MSD shall refile for Commission approval of the transfer.

3. Within 10 days of the date of formal closing, which is conditioned in the Agreement upon execution of Exhibits A and B thereto and payment of the consideration, MSD shall file executed and fully completed copies of Exhibits A and B with the Commission.


4. If formal closing does not occur before May 1, 1991, MSD shall file a statement with the Commission describing the status of the proposed transfer and the date by which it expects to formally close.


5. Until formal closing occurs, the Commission shall retain jurisdiction over the Yorktown wastewater treatment plant and Yorktown shall be responsible for complying with all Commission rules and regulations, including those which require the timely filing of any information, notice, or reports.

Done at Frankfort, Kentucky, this 4th day of December, 1990.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director

AGREEMENT

THIS AGREEMENT, made and entered into at Louisville, Kentucky, this \_\_\_\_\_ day of \_\_\_\_\_, 1990, by and between YORKTOWN SEWAGE TREATMENT FACILITIES, INC., (hereinafter referred to as "Owner"), and the LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT, a public body corporate and political subdivision organized pursuant to Chapter 76 of the Kentucky Revised Statutes (hereinafter referred to as "MSD");

W I T N E S S E I H

WHEREAS, Owner and MSD have negotiated terms of an Agreement whereby MSD will assume operation of the Yorktown Wastewater Treatment Plant located at the rear of 7410 Yorktown Road in Jefferson County, Kentucky, and will serve the present customers of said Plant and will connect the present customers to MSD's comprehensive collection and treatment system when said system becomes available; and

WHEREAS, Owner wishes to avoid the cost of updating, repairing, and renovating the Yorktown Wastewater Treatment Plant;

NOW THEREFORE, in consideration of the foregoing premises and in consideration of the mutual undertakings and obligations hereinafter set forth, the parties hereto agree as follows:

1. Owner agrees, pursuant to the Deeds and Bill of Sale attached hereto and marked Exhibits A and B, to transfer and sell to MSD the real property and facilities described therein and associated with the Yorktown Wastewater Treatment Facility, including the easements, rights-of-way, licenses, privileges, improvements and appurtenances (including sewer mains, lines, manholes, pumping stations, etc., located in public ways or in dedicated public easements) necessary to the operation of the Yorktown Wastewater Treatment Facility and its attendant system, for a total agreed upon consideration of

ONE HUNDRED SEVENTY THOUSAND FOUR HUNDRED SIXTY DOLLARS AND NO CENTS (\$170,460.00), being the agreed upon value of said facilities as of August 14, 1990, the date said facilities were inspected by MSD personnel.

2. MSD and the Owner agree that formal closing of this transaction by execution of Exhibits A and B, and the payment by MSD of the consideration described in Section 1 hereinabove, shall be deferred until MSD obtains the funds for said payment through the sale of revenue bonds, by other borrowing, or by any other means available to MSD; however, if formal closing does not occur within one year from the date of this Agreement, this Agreement shall become null and void and Owner and MSD shall have no further obligations under this Agreement unless the initial one-year term of this Agreement is extended by written amendment hereto executed by both parties.

3. MSD agrees to pursue all available options in order to obtain the funds for the aforesaid payment within the initial one-year term of this Agreement and to hold formal closing as soon as possible thereafter; however, MSD does not expect to obtain said funds prior to April 1, 1991.

4. Owner agrees to operate the Yorktown Wastewater Treatment Facility and to maintain all equipment, buildings and appurtenances at Owner's expense during the interim before formal closing occurs, at which time said Facility must be in as good a condition as existed on the original MSD inspection date of August 14, 1990, ordinary wear and tear excepted. To assure compliance with this provision, Owner agrees to allow MSD personnel access to said Facility to determine if there are any material deficiencies, prior to formal closing, which did not exist at the time of MSD's original inspection date. Should any such deficiencies be found by MSD, Owner shall be notified of the specific deficiencies and shall have thirty days before closing in which to correct the deficiencies to MSD's satisfaction. If said deficiencies are not corrected by the Owner within the thirty-day period, closing shall be held, but the amount of

cost estimated by MSD to correct the uncorrected deficiencies shall be withheld from the payment amount described in Section 1 above and be held in escrow by MSD and be used to pay for correcting said uncorrected deficiencies, provided, however, any escrow balance remaining after said deficiencies are corrected by MSD shall be paid to Owner.

5. Owner agrees to transfer the property described in Exhibits A and B free and clear of all encumbrances, except for easements, restrictions, and rights-of-way of record at the office of the clerk of the Jefferson County Court, and free of all hazardous or toxic materials or substances.

6. Owner shall be responsible for and shall pay all claims, obligations or liabilities in existence prior to the date of execution of Exhibits A and B or arising out of events occurring prior to the date of execution of Exhibits A and B, including, but not limited to, any and all taxes assessed or payable, liens, operating debt and expenses, and claims for personal injury or property damage. Real estate taxes shall be prorated as of the date of the closing. The Owner shall defend and indemnify or shall hold MSD harmless from any claims, obligations, or liabilities which arise out of any event, incident, or liability involving injury or damage to the person or property of others occurring prior to the date of execution of Exhibits A and B, including reimbursement of MSD for any attorney fees, court costs, or other expenses incurred by MSD in defense of such claims, obligations, or liabilities; and the Owner warrants that no litigation is known by Owner to be contemplated or pending with reference to any matters relating to the wastewater treatment facility and its attendant collector system.

7. MSD agrees to indemnify, defend, and hold Owner harmless from any claims, obligations, or liabilities arising from events, incidents, or liabilities occurring after the date of execution of Exhibits A and B, hereto, which claims, obligations, or liabilities are related to MSD's ownership and

operation of the wastewater treatment facility and its attendant collector system. Before MSD shall have any liability under this indemnity paragraph, it must receive prompt and reasonable written notice of any claim, obligation, or liability for which the Owner seeks indemnity as soon as Owner receives notice of the claim, obligation, or liability, and MSD must have an opportunity to defend any such claim, obligation or liability.

8. When MSD determines its comprehensive collection and treatment system is available, MSD will install, at MSD's expense, a connection to divert the wastewater away from the Yorktown Wastewater Treatment Facility and into MSD's sewer system. After said connection, MSD shall then demolish the treatment plant above-grade structures and holding tanks and restore the site to rough grade and deed the plant property back to the Owner for the sum of ONE DOLLAR AND NO CENTS (\$1.00), with MSD retaining any easements or rights-of-way it deems necessary for its operations. MSD agrees to remove any hazardous or toxic materials or substances deposited by MSD on the property described in Exhibits A and B.

9. Effective with the first full Louisville Water Company meter-reading period following the day Exhibits A and B are executed, MSD shall charge all customers of the Yorktown Wastewater Treatment Facility in accordance with its regular schedule of rates, rentals and charges for wastewater service. After execution of Exhibits A and B, MSD shall receive all billing collections and shall pay Owner all collections of billings rendered prior to the aforesaid initial MSD billings.

10. In conjunction with the acquisition by MSD, Owner shall tender to MSD on the date of execution of Exhibits A and B any and all deposits, security deposits, developer deposits, or other funds held by Owner for the benefit of or future use by or credit to customers of the Yorktown Wastewater Treatment Plant, together with any records or documents related to said funds. MSD shall hold



said funds under the same terms for the benefit, use, or credit of the customers. Owner further agrees to tender to MSD one set of keys to the facilities, all records, documents, files, billing lists, customer lists, etc. related to the operation of the Yorktown Wastewater Treatment Facility on the date of execution of Exhibits A and B. MSD shall takeover operation, possession and responsibility for the Yorktown Sewage Treatment Plant and facilities at 12:00 midnight following the execution of Exhibits A and B.

11. Owner declares there are no written or oral contracts or other obligations to be assumed by MSD. MSD shall not honor or be responsible for any agreements entered into by Owner but not identified herein and made a part of this Agreement. Owner agrees that, during the term of this Agreement, Owner shall not enter into additional agreements with respect to services to be provided by or use of the Yorktown Wastewater Treatment Facility without the written consent of MSD. The intent of this provision is not for MSD to unnecessarily withhold consent of agreements for additional use of the Yorktown Wastewater Treatment Facility, but to assess the impacts of such agreements entered into during the term of this Agreement with respect to the agreed consideration described in Section 1 above. Owner agrees that MSD shall withhold from its payment to Owner at formal closing \$2.56 for each gallon-per-day of design capacity utilized or to be utilized by agreement with the Owner entered into during the term of this Agreement, with MSD determining said usage of design capacity by use of standard criteria for the design of wastewater treatment facilities.

12. Inasmuch as Apartment Site #4 and Site #5 of Yorktown South, consisting of approximately 39.5 total acres and located adjacent to the National Turnpike (See attached Exhibit C), have wastewater service by means of sewer lines already installed from the Yorktown Sewage Treatment Facility and stubbed into the aforesaid sites, the developers of said sites shall not be

required to pay MSD Capacity Charges for the first 80,400 and 19,600 gallons per day of treatment capacity, respectively, and shall not be required to pay connection fees when the sites are developed; however, this exemption does not mean nor imply that development of said sites may exceed the available capacity of the Yorktown Treatment Facility or, after its elimination in accordance with Section 8 herein, MSD's available interceptor sewer as determined by MSD.

13. This Agreement shall be binding upon, and shall inure to the benefit of the executors, heirs, successors and assigns of the parties hereto.

14. This Agreement embodies the whole agreement of the Parties. There are no promises, terms, conditions or obligations other than those contained herein; and this Agreement shall supersede all previous communications, representations or agreements, either verbal or written, among the parties.

15. If any section, clause or provision of this Agreement shall be held invalid, such holding of invalidity shall not effect the validity of any remaining section, clause, paragraph, portion or provision of this Agreement.

16. No part of this Agreement may be altered, modified, or changed in any way except in writing signed by the parties hereto or signed by the duly authorized representative of said parties.

17. The Parties hereto agree that the terms and conditions of the Agreement shall survive and remain in effect after the transfer of the real estate and property of the Yorktown Wastewater Treatment Facility and the execution of Exhibits A and B.

IN TESTIMONY WHEREOF, witness the signatures of the Parties hereto where appropriate by their proper officers and duly authorized by resolution of their respective governing bodies, the day, month and year first above written.

LOUISVILLE AND JEFFERSON COUNTY  
METROPOLITAN SEWER DISTRICT

BY: \_\_\_\_\_  
GORDON R. GARNER

STATE OF KENTUCKY        )  
                                  ) SS  
COUNTY OF JEFFERSON    )

I, the undersigned Notary Public, within and for the state and county aforesaid do hereby certify that the foregoing instrument was this day presented to me by Gordon R. Garner, who being by me first duly sworn, did acknowledge and declare that he signed the foregoing instrument as Executive Director of the Louisville and Jefferson County Metropolitan Sewer District, by authority and direction of its Board of Directors, as his free and authorized act and deed.

Witness my hand this \_\_\_\_\_ day of \_\_\_\_\_, 1990.

My commission expires: \_\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

YORKTOWN SEWAGE  
TREATMENT FACILITIES, INC.

BY: \_\_\_\_\_

AS: \_\_\_\_\_

STATE OF KENTUCKY        )  
                                  ) SS  
COUNTY OF JEFFERSON    )

I, the undersigned Notary Public, within and for the state and county aforesaid do hereby certify that the foregoing instrument was this day presented to me by \_\_\_\_\_, who being by me first duly sworn, did acknowledge and declare that he signed the foregoing instrument as \_\_\_\_\_ of Yorktown Sewage Treatment Facilities, Inc., by authority and direction of its Board of Directors, as his free and authorized act and deed.

Witness my hand this \_\_\_\_\_ day of \_\_\_\_\_, 1990.

My commission expires: \_\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

DEED

THIS DEED made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by and between YORKTOWN SEWAGE TREATMENT FACILITIES, INC., 515 Louisville Galleria, Louisville, Kentucky 40202 (hereinafter referred to as "GRANTOR"), and the LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT, a public body corporate and political subdivision, 400 South Sixth Street, Louisville, Kentucky 40202 (hereinafter referred to as "GRANTEE"),

WITNESSETH:

For good and valuable consideration, including the payment of ONE HUNDRED SEVENTY THOUSAND FOUR HUNDRED SIXTY DOLLARS AND NO CENTS (\$170,460.00), the receipt of which is hereby acknowledged, the GRANTOR hereby conveys to GRANTEE, in fee simple with covenant of general warranty, the hereinafter described property, and further covenants that it is lawfully seized of all the property and estates hereby conveyed, having full right to dispose of same, and that same is free of all encumbrances, excepting easements, rights-of-way and restrictions of record in the office of the Clerk of Jefferson County, Kentucky, and applicable zoning rules and regulations, and, to the best of GRANTOR's knowledge, is free of all hazardous or toxic materials or substances, and the lien of all unpaid ad valorem real estate taxes that are not yet due and payable.

The property herein is described as follows:

(Property description to be added)

This conveyance also includes all of the right, title and interest of the GRANTOR in and to all improvements located on the above described property, together with all of the right, title and interest of GRANTOR in and to the Yorktown Subdivision Sewerage System, including the sewage treatment plant, all buildings, easements, rights-of-way, licenses, privileges and all sewers, sewer lines, mains, manholes and other appurtenances and connections connected to the sewage system and the sewage treatment plant located on the above described property, and any other interest existing in favor of GRANTOR for the passage or placement of the sewerage system and its appurtenances.

GRANTOR and GRANTEE hereby certify that the consideration reflected in this Deed is the full consideration paid for this property.

IN TESTIMONY WHEREOF, witness the signatures of the GRANTOR and GRANTEE by its duly authorized officers, the day, month and year first above written.

LOUISVILLE AND JEFFERSON COUNTY  
METROPOLITAN SEWER DISTRICT

YORKTOWN SEWAGE  
TREATMENT FACILITIES, INC.

By: \_\_\_\_\_  
Gordon R. Garner  
Executive Director

By: \_\_\_\_\_  
As: \_\_\_\_\_

COMMONWEALTH OF KENTUCKY )  
 )SS  
COUNTY OF JEFFERSON )

I, the undersigned Notary Public, in and for the Commonwealth and County aforesaid do hereby certify that the foregoing instrument was this day presented to me by \_\_\_\_\_, who being by me first duly sworn, did acknowledge and declare that he signed the foregoing instrument as \_\_\_\_\_ of Yorktown Sewage Treatment Facilities, Inc., by authority and direction of its governing body as his free and authorized act and deed.

Witness my hand this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission expires: \_\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

COMMONWEALTH OF KENTUCKY )  
 )SS  
COUNTY OF JEFFERSON )

I, the undersigned Notary Public, in and for the Commonwealth and County aforesaid do hereby certify that the foregoing instrument was this day presented to me by Gordon R. Garner, who being by me first duly sworn, did acknowledge and declare that he signed the foregoing instrument as Executive Director of the LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT, by authority and direction of its governing body as his free and authorized act and deed.

Witness my hand this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission expires: \_\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

This Instrument Prepared by:

\_\_\_\_\_  
Sheila Wachsman  
Attorney at Law  
400 South Sixth Street  
Louisville, Kentucky 40202

BILL OF SALE

THIS BILL OF SALE, made and entered into this \_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by and between YORKTOWN SEWAGE TREATMENT FACILITIES, INC. ("GRANTOR"), and the LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT, a public body corporate and political subdivision, 400 South Sixth Street, Louisville, Kentucky ("GRANTEE"),

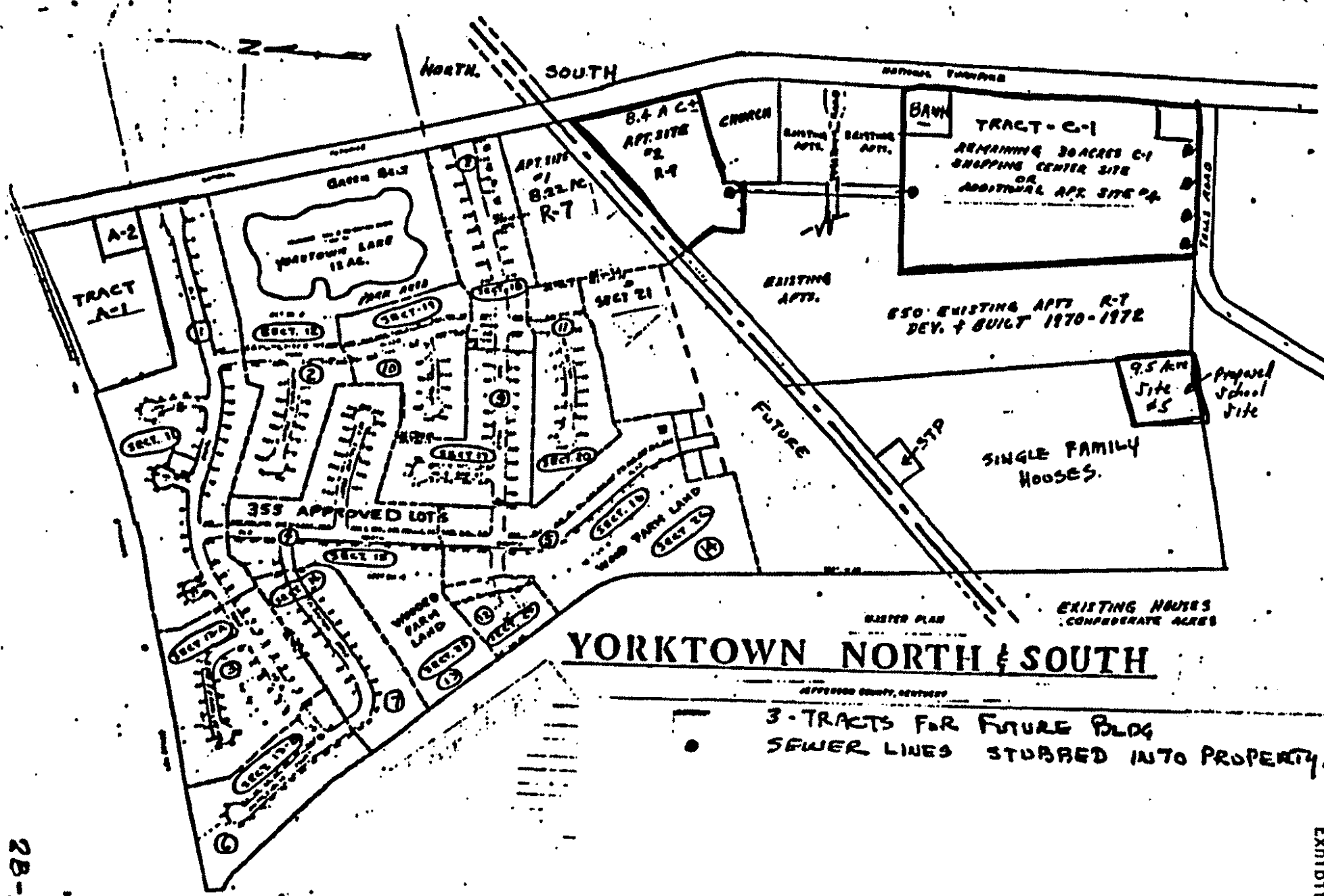
WITNESSETH:

That for a valuable consideration, the receipt of which is hereby acknowledged, GRANTOR does hereby grant, bargain, sell, transfer and deliver unto the GRANTEE, all its right, title and interest in and to all of the buildings, fixtures and equipment used in connection with the operation and maintenance of the wastewater treatment plant located on the property described in a deed recorded in Deed Book \_\_\_\_\_, Page \_\_\_\_\_, in the office of the Clerk of Jefferson County, Kentucky, including, but not limited to, its improvements, sewers, manholes, fixtures, equipment, supplies, pumps, pumping stations, lines, appurtenances, and other personal property located at, connected to, a part of, or necessary to the ordinary operation of the Yorktown Subdivision Wastewater Treatment Plant and its related wastewater collection system.

The GRANTOR covenants and agrees that it is the lawful owner of all the items herein conveyed, that it is free and clear of all encumbrances, that it has full right and power to sell and convey same, and that it will warrant and defend the title hereby conveyed against all claims and demands against same. With the exception of the aforesaid warranty of title, the sale of all equipment described herein shall be "as is, where is" and without further warranties whatsoever, whether expressed or implied.







**YORKTOWN NORTH & SOUTH**

3-TRACTS FOR FUTURE BLDG  
 ● SEWER LINES STUBBED INTO PROPERTY.

2B-1

Exhibit C