

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF THE LAKE CITY)
WATER DISTRICT AND THE CITY OF GRAND)
RIVERS FOR APPROVAL OF A CONTRACT OF SALE)
WHEREBY THE CITY PROPOSES TO ACQUIRE THE) CASE NO. 93-066
EXISTING WATER AND SEWERAGE SYSTEMS OF)
THE DISTRICT, PURSUANT TO THE PROVISIONS)
OF KRS 278.020(4) AND 807 KAR 5:001(8))

O R D E R

On February 19, 1993, Lake City Water District ("Lake City") and the City of Grand Rivers ("Grand Rivers") filed a joint application pursuant to KRS 278.020(4) for Commission approval of the transfer of Lake City's water treatment, supply and distribution system, ("waterworks") and sewerage collection, treatment and disposal system ("sewer system") to Grand Rivers.

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

1. Lake City currently owns and operates a waterworks and sewer system serving approximately 386 water customers and 238 sewer customers in the city of Grand Rivers, Livingston County, Kentucky.

2. Lake City is a water and sewer district organized pursuant to KRS Chapter 74.

3. Grand Rivers is a municipal corporation of the fifth class situated in Livingston County, Kentucky, and presently owns and operates a water treatment, supply and distribution system, and

a waste water sewage collection system serving approximately 459 water customers and 191 sewer customers.

4. By contract dated July 23, 1992 Lake City agreed to convey ownership of its waterworks and sewer system to Grand Rivers.

5. The Natural Resources and Environmental Protection Cabinet, Division of Water, has recommended that Lake City perform extensive rehabilitative work on its water treatment plant. The proposed transfer would result in Lake city's water treatment plant being taken out of service.

6. Grand Rivers would assume Lake City's \$68,854.00 Promissory Note owed to the Bank of Marshall County, which is currently the only debt owed by Lake City.

7. Grand Rivers employs individuals who are certified as waste water system operators by the Kentucky Board of Certification of Waste Water System Operators.

8. In view of its status as a municipal corporation of the fifth class, Grand Rivers has sufficient financial integrity to ensure the continuity of sewage service. A copy of a third-party beneficiary agreement guaranteeing the continued operation of the proposed waste water sewage collection system is therefore not required. 807 KAR 5:071, Section 3(1)(a).

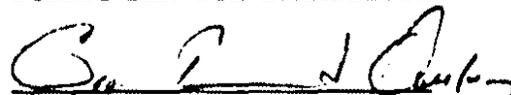
9. Grand Rivers has the financial, technical, and managerial abilities to provide reasonable utility service to the customers currently being served by Lake City.

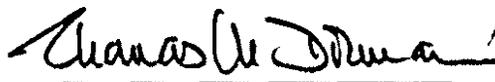
IT IS THEREFORE ORDERED that:

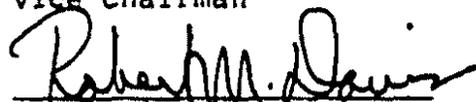
1. The proposed transfer is approved.
2. Lake City shall give written notice to the Commission within 20 days of the closing of the proposed transfer.
3. Until formal closing occurs, the Commission shall retain jurisdiction over Lake City.

Done at Frankfort, Kentucky, this 19th day of April, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director