

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MOUNTAIN WATER)
DISTRICT FOR APPROVAL OF A MERGER) CASE NO. 94-338
WITH KEENE VILLAGE WATER AND)
SEWER, INC.)

O R D E R

On September 29, 1994, Mountain Water District ("Mountain Water") filed with the Public Service Commission ("Commission") an application requesting Commission approval of a merger between Mountain Water and Keene Village Water and Sewage, Inc. ("Keene Village"). Attached to the application was a copy of the minutes of the July 23, 1994 meeting of Keene Village during which the decision was made to deed its sewage system to Mountain Water. Also attached to the application was a copy of the July 21, 1994 minutes of Mountain Water wherein the decision to take over the Keene Village system was made. The Pike County Fiscal Court approved the proposed transaction on August 15, 1994.

Mountain Water is a water district pursuant to KRS Chapter 74 and provides water and sewer service in Pike County, Kentucky. Keene Village is a corporation that provides sewage treatment and disposal service to residents in Keene's Village in Pike County, Kentucky. Both Mountain Water and Keene Village are utilities within the definition of KRS 278.010(3) and are subject to the jurisdiction of the Commission.

Pursuant to KRS 278.020(4), persons under the jurisdiction of the Commission are required to receive Commission approval prior to the acquisition or transfer of ownership or control of a utility. KRS 278.020(5) prohibits any entity from acquiring control of any utility under the jurisdiction of the Commission without prior approval. Although Mountain Water styles the proposed transaction a "merger," the Commission finds that KRS 278.020(4) and (5) apply. Therefore, Commission approval is necessary.

Mountain Water has, pursuant to 807 KAR 5:011, filed with the Commission an Adoption Notice wherein it adopted all tariffs and supplements containing Keene Village's rates, rules and regulations for furnishing sewage service.

Based on the evidence of record, the Commission finds that the proposed transfer of the Keene Village system is feasible, is in the public interest, is consistent with KRS 278.020(4) and (5), and will not result in diminished financial, technical, or managerial ability to provide adequate sewer service to the customers of the utilities.

IT IS THEREFORE ORDERED that:

1. The proposed transaction consisting of the acquisition of Keene Village by Mountain Water is hereby approved.

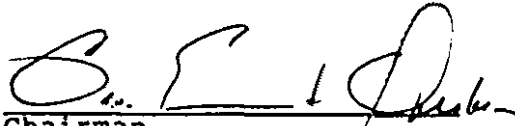
2. Mountain Water shall notify the Commission within ten days of the date of closing of the proposed transaction or, in the alternative, shall notify the Commission if the proposed transaction does not occur.

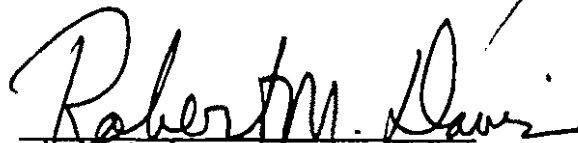
3. Within 30 days of the date of transfer, Mountain Water shall file with the Commission the journal entries recording the transfer.


4. Within 30 days of the date of transfer, Keene Village shall file with the Commission an annual report for the sewage treatment facility for that period of 1994 in which it owned those facilities.

Done at Frankfort, Kentucky, this 28th day of November, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director