

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT PETITION OF THE PADUCAH)	
WATER WORKS AND THE REIDLAND)	
WATER DISTRICT TO APPROVE THE)	
TRANSFER OF OWNERSHIP AND)	CASE NO. 99-348
CONTROL OF THE REIDLAND WATER)	
DISTRICT TO THE PADUCAH WATER)	
WORKS)	

O R D E R

On August 16, 1999, Paducah Water Works (PWW) and Reidland Water District (Reidland) submitted a joint application requesting the Commission s approval of the proposed transfer of ownership and control of Reidland to PWW. Pursuant to KRS 278.020(4), the Commission may approve the transfer of ownership or control of a utility under its jurisdiction to another utility by sale of assets, transfer of stock, or otherwise. In this case, Reidland intends to transfer its entire water distribution system consisting of all assets, rights, privileges, debts and liabilities to PWW. After the transfer, Reidland will still exist on paper as a legal entity until dissolved by order of the county judge/executive pursuant to KRS 74.367, but will no longer be in operation.

Reidland is subject to the Commission s jurisdiction pursuant to KRS 278.010(3)(d), KRS 278.015 and KRS 278.040(2). PWW is a municipally owned utility operating pursuant to KRS Chapter 96.

KRS 278.020(4) requires persons under the jurisdiction of the Commission 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. The Commission finds that KRS 278.020(4) and 278.020(5) apply to the transaction proposed in the application and that Commission approval is necessary.

On June 30, 1999, Reidland and PWW entered into an Agreement setting forth each party's rights and responsibilities with respect to the transfer.

The Commission finds that although Reidland's customers are currently charged 20 percent less than the rate currently charged PWW's city of Paducah customers, PWW agrees to charge Reidland's customers the identical rates charged by Reidland on the effective date of the agreement. It further finds that PWW agrees to maintain the 20 percent rate differential for a period of 10 years.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that PWW has the financial, managerial, and technical ability to provide reasonable utility service to Reidland's current customers; that PWW is ready, willing, and able to provide water services to Reidland's customers; and that the proposed transaction is consistent with the public interest.

IT IS THEREFORE ORDERED that:

1. The proposed transaction consisting of the transfer of all the assets of Reidland and the assumption of all the debts and liabilities of Reidland by PWW, as well as responsibility for its management, operation and maintenance, as set out in the joint petition filed in this proceeding and in the agreement entered into by the parties to this proceeding, is approved.

2. Within 10 days after the county judge/executive by order dissolves Reidland pursuant to KRS 74.367, a copy of that order shall be filed with the Commission.

3. Until the transfer of ownership occurs, the Commission shall retain jurisdiction over Reidland's water distribution system and Reidland shall continue to comply with all Commission regulations, including those which require the timely filing of any information, notice, or reports.

4. Reidland shall notify the Commission within 20 days of the date of completion of the transfer.

5. Within 60 days of the date the transfer is completed, Reidland shall file with the Commission an annual report for the portion of 1999 in which it operated its water distribution system.

Done at Frankfort, Kentucky, this 7th day of October, 1999.

By the Commission

ATTEST:

Executive Director