

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF LAWRENCE COUNTY	)	
WATER DISTRICT AND BIG SANDY WATER	)	
DISTRICT FOR AUTHORIZATION AND APPROVAL	)	
OF THE PROPOSED TRANSFER OF OWNERSHIP	)	CASE NO. 99-481
AND CONTROL OF ALL LAWRENCE COUNTY WATE	)	
DISTRICT'S WATE SYSTEM PROPERTY ASSETS	)	
AND FUNDS TO BIG SANDY WATER SYSTEM	)	

ORDER

IT IS ORDERED that Lawrence County Water District ("Lawrence District") and Big Sandy Water District ("Big Sandy District") (collectively "the Applicants") shall file the original and 8 copies of the following information with the Commission within 14 days of this Order, with a copy to all parties of record. Each copy of the information requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this Order.

1. Provide for Lawrence District for the calendar year ending December 31, 1999

- a. Balance sheet.
  - b. Income Statement.
  - c. Detailed plant schedule.
2. Provide for Big Sandy District for the calendar year ending December 31, 1999
  - a. Balance sheet.
  - b. Income Statement.
3.
  - a. State the number of persons that Big Sandy District employs.
  - b. For each person employed, identify that person's position and responsibilities.
4. Identify each certified water plant operator that Big Sandy District currently employs and state the level of his or her certification.
5.
  - a. Does Lawrence District currently have any employees?
  - b. If yes,
    - (1) State for each employee
      - (a) His name.
      - (b) His job title.
      - (c) His job responsibilities.
    - (2) Does Big Sandy District intend to retain these employees after the transfer of assets is completed?
6.
  - a. Will the acquisition of Lawrence District's assets require Big Sandy District to hire additional employees?

b. If yes, state the number of employees who must be hired and their job position.

7. a. State the current amount of outstanding Lawrence District Bonds that Rural Development holds.

b. Provide a schedule for the principal and interest payments for the outstanding Lawrence District Bonds.

8. a. As of the date of this Order, have Rural Development and Big Sandy District executed an Assumption Agreement?

b. (1) If yes, provide a copy of the Assumption Agreement.

(2) If no,

(a) State when Big Sandy Districts expects to execute an Assumption Agreement.

(b) Identify all payment terms in the Assumption Agreement, if any, that differ from those contained in Lawrence District's bond ordinances and bond agreements.

9. a. Does Big Sandy District intend to apply for Commission authorization to enter any Assumption Agreement?

b. (1) If yes, when does Big Sandy District expect to make such application?

(2) If no, state why KRS 278.300(1) does not require Commission approval of the Assumption Agreement.

10. a. Will Lawrence District be dissolved upon the transfer of its assets to Big Sandy District?

b. If no,

(1) Describe the functions that Lawrence District will perform.

(2) Will the existing boundaries of Lawrence District be changed to exclude the territory that is currently served by water distribution facilities that will be transferred to Big Sandy District?

(3) What portions of Lawrence County, Kentucky will continue to be within Lawrence District's territory?

11. a. Do Big Sandy District's territorial boundaries already include portions of Lawrence County, Kentucky?

b. If Big Sandy District's territorial boundaries already include portions of Lawrence County, Kentucky, has Big Sandy District petitioned the Lawrence County Judge/Executive to expand its current boundaries to include the area that Lawrence District's water distribution facilities currently serve? If no, when will such petition be filed?

c. If Big Sandy District's territorial boundaries do not already include portions of Lawrence County, Kentucky, what actions will be taken to obtain authority for Big Sandy District to expand its territory into Lawrence County, Kentucky?

12. a. Does the proposed transfer of assets include all assets that Lawrence District currently holds?

b. If no, identify those assets that Lawrence District will retain after the proposed transfer is completed.

13. Refer to Applicants' Application, Exhibit A at 6 and Appendix A of this Order. Section 301(4) of the "Contract for Sale and Transfer" requires Lawrence District

to deliver "all sums as of the Closing Date accumulated and held in LCWD's Revenue Fund, Sinking Fund, Operation and Maintenance Reserve Fund and Depreciation Fund." The findings of the financial examination that Commission Staff conducted in 1999 noted three bank accounts: Operating, Phase One, and Phase Two.

a. Reconcile the Funds identified in the "Contract for Sale and Transfer" with the bank accounts noted in findings of the financial examination.

b. Will all amounts contained in the three bank accounts be transferred to Big Sandy District? If no, state the amount of each account that will not be transferred and explain why.

14. Commission records do not indicate that Lawrence District has submitted an annual report of its operations for 1998 as required by KRS 278.230 and Administrative Regulation 807 KAR 5:006, Section 3.

a. (1) Does Lawrence District intend to file an annual report of its operations for 1998?

(2) If yes, state when Lawrence District intends to file such report.

(3) If no, why not?

b. (1) Does Lawrence District intend to file an annual report of its operations for 1999?

(2) If no, why not?

Done at Frankfort, Kentucky, this 8<sup>th</sup> day of February, 2000.

By the Commission

ATTEST:

---

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION  
IN CASE NO. 99-481 DATED FEBRUARY 8, 2000