

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF PURCHASE PUBLIC	)	
SERVICE CORPORATION, A KENTUCKY	)	
CORPORATION, AND SANITATION DISTRICT NO.	)	CASE NO.
2 OF MARSHALL COUNTY, KENTUCKY FOR	)	2000-031
APPROVAL OF THE TRANSFER OF THE	)	
DRAFFENVILLE WASTEWATER TREATMENT	)	
FACILITY	)	

O R D E R

The Purchase Public Service Corporation (“Purchase”) and the Sanitation District No. 2 of Marshall County, Kentucky (“Sanitation District No. 2”) have jointly applied for Commission approval for the transfer of Purchase’s Draffenville Community Sewer System (“Draffenville System”) to Sanitation District No. 2. Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Purchase is a Kentucky corporation that owns and operates several wastewater treatment facilities in Marshall, Graves, and McCracken counties, Kentucky. Purchase owns and operates the Draffenville System in Marshall County, Kentucky as part of Cardinal Utilities (“Cardinal”).

2. Cardinal operates wastewater treatment facilities that serve approximately 158 residential customers and 20 commercial customers in Marshall, Graves, and McCracken counties, Kentucky.

3. Sanitation District No. 2 is a district organized and existing pursuant to KRS 222.020, *et seq.*, and is providing sanitary sewer services in the Draffenville, Kentucky area.

4. Under the proposed transfer, the Draffenville system, which serves 42 residential and all 20 commercial customers in Cardinal, would be transferred to Sanitation District No. 2.

5. The Draffenville System is subject to a tap-on ban ordered by the Natural Resources and Environmental Protection Cabinet which prohibits providing service to new customers. To rectify the situation, Purchase will be required to construct system improvements in the approximate amount of \$149,063. Purchase does not have the financial resources available to construct the needed system improvements.

6. Purchase and Sanitation District No. 2 entered into a contract for the sale of the Draffenville System for a cash price of \$126,175 and the assumption by Sanitation District No. 2 of all obligations and duties of the Draffenville system. The effective date of the sale was projected to be December 23, 1999.

7. Sanitation District No. 2 has indicated it intends to hire Tony Jones as a wastewater treatment plant operator certified to operate a Class II Wastewater System and has filed a copy of his certificate.

8. Sanitation District No. 2 has requested and was granted a waiver of a third-party performance bond upon the grounds that it is a sub-unit of Marshall County, pursuant to the provisions of KRS 220.020.

9. Sanitation District No. 2 has been awarded \$500,000 in grants from the Commonwealth of Kentucky. Sanitation District No. 2 intends to use the grant proceeds

to purchase the Draffenville System, to remedy the infiltration problems, and to construct a pipeline to the city of Benton to allow the closure of the Draffenville System's outdated treatment facility.

10. Upon completion of the transfer, Sanitation District No. 2 will assume the accounts receivable associated with the Draffenville System. The daily operations of the Draffenville System will be funded by the collection of the accounts receivable, the continued collection of the current monthly rates, and with the proceeds of the aforementioned grants.

11. Sanitation District No. 2 has the financial, technical, and managerial abilities to provide reasonable service.

12. The proposed transfer is in accordance with the law, is for a proper purpose, and is consistent with the public interest.

IT IS THEREFORE ORDERED that:

1. The proposed transfer of the Draffenville System from Purchase to Sanitation District No. 2 is approved.

2. Within 10 days of completion of the proposed transfer of assets, Cardinal shall notify the Commission in writing of the transfer's completion.

3. Within 10 days of completion of the transfer, Cardinal shall file with the Commission the journal entries used to record the sale and identify the detailed plant accounts to which the assets are removed.

4. Cardinal shall be responsible for submitting to the Commission a financial and statistical report, as described in Administrative Regulation 807 KAR 5:006, Section

3, for the period in calendar year 2000 in which it owned and operated the transferred assets.

Done at Frankfort, Kentucky, this 18<sup>th</sup> day of April, 2000.

By the Commission

ATTEST:

Deputy W<sup>m</sup> H. Fowler  
Executive Director