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Honorable John N. Hughes  
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124 West Todd Street  
Frankfort, KY 40601

January 10, 2008

RE: Case No. 2007-00496

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

A handwritten signature in cursive script that reads "Robert A. Amato".

Robert A. Amato  
Deputy Executive Director

RAA/tw  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF CONSUMERS WATER	)	
DISTRICT, FANCY FARM WATER DISTRICT,	)	
HARDEMAN WATER DISTRICT, AND SOUTH	)	CASE NO.
GRAVES WATER DISTRICT FOR APPROVAL	)	2007-00496
OF MERGER AND FORMATION OF THE	)	
GRAVES COUNTY WATER DISTRICT	)	

ORDER

On November 30, 2007, Consumers Water District (“Consumers”), Fancy Farm Water District (“Fancy Farm”), Hardeman Water District (“Hardeman”), and South Graves Water District (“South Graves”) (jointly “Petitioners”) applied to the Commission for authority for the merger of their districts into the proposed Graves County Water District (“Graves District”).

Petitioners are water districts that were organized pursuant to KRS Chapter 74 and are utilities subject to Commission jurisdiction.<sup>1</sup> They own and operate facilities in Graves County, Kentucky that serve approximately 3,099<sup>2</sup> water customers and 216 sewer customers.<sup>3</sup> KRS 278.020(5) and (6) require prior Commission approval of the proposed merger. KRS 278.300(1) requires prior Commission approval of any utility’s assumption of any obligation or liability in respect to evidences of indebtedness.

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<sup>1</sup> KRS 278.010(3)(d); KRS 278.015.

<sup>2</sup> 1,616 (Consumers) + 433 (Fancy Farm) + 390 (Hardeman) + 660 (South Graves) = 3,099 (Water Customers).

<sup>3</sup> Application at 1.

Given the complexity of the proposed transaction, which will result in the merger of four water districts into a newly formed district, the Commission finds that additional proceedings regarding the application are necessary, that such proceedings will require additional time beyond the 60-day review period provided in KRS 278.020(5) and that good cause exists to extend the review period to 120 days. We further find that a procedural schedule should be established to review and investigate the merits of the pending application.

IT IS THEREFORE ORDERED that:

1. The period for reviewing the Petitioners' application is extended to 120 days.
2. The procedural schedule set forth in Appendix A shall be followed.
3. a. Responses to requests for information shall be appropriately bound, tabbed and indexed and shall include the name of the witness responsible for responding to the questions related to the information provided, with copies to all parties of record and 8 copies to the Commission.
  - b. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

c. Any party shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

d. For any requests to which a party fails or refuses to furnish all or part of the requested information, that party shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

4. At any hearing in this matter, neither opening statements nor summarization of direct testimony shall be permitted.

5. Motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

6. All documents that this Order requires to be filed with the Commission shall be served upon all other parties.

7. Service of any document or pleading shall be made in accordance with Administrative Regulation 807 KAR 5:001, Section 3(7), and Kentucky Civil Rule 5.02.

8. Petitioners shall give notice of the hearing in accordance with the provisions set out in 807 KAR 5:011, Section 8(5). At the time publication is requested, Petitioners shall forward a duplicate of the notice and request to the Commission.

9. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

Done at Frankfort, Kentucky, this 10<sup>th</sup> day of January, 2008.

ATTEST:

By the Commission

  
Deputy Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2007-00496 DATED JANUARY 10, 2008

First set of requests for production of documents and interrogatories shall be served upon Petitioners and filed with the Commission no later than..... 01/11/2008

Petitioners shall file with the Commission and serve upon all parties their responses to first set of requests for production of documents and interrogatories no later than..... 01/25/2008

Second set of requests for production of documents and interrogatories shall be served upon Petitioners and filed with the Commission no later than..... 02/05/2008

Petitioners shall file with the Commission and serve upon all parties their responses to second set of requests for production of documents and interrogatories no later than..... 02/15/2008

Each party presenting testimony at the scheduled hearing shall file with the Commission and serve upon all other parties a list of all witnesses that it intends to call and a summary of each witness's expected testimony no later than ..... 02/27/2008

Last day for Petitioners to publish notice of hearing date ..... (to be scheduled)

Public Hearing is to begin at 9:00 a.m., Eastern Standard Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, for the purpose of taking the testimony of witnesses ..... (to be scheduled)