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RECEIVED

MAR 14 2011

PUBLIC SERVICE  
COMMISSION

March 11, 2011

**VIA FEDERAL EXPRESS**

Jeff Derouen, Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd  
P.O. Box 615  
Frankfort, KY 40602-0615

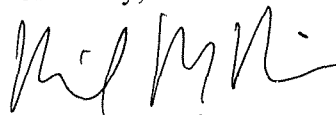
**Re: *The Villas At Woodson Bend Condominium Association, Inc., et al. v. South Fork Development, Inc., et al., Case No. 2009-00037***

Dear Mr. Derouen:

I have enclosed in the above-styled case the original and one copy of the status report on behalf of The Villas At Woodson Bend Condominium Association, Inc. Please file the original and return the copy, file stamped, in the also enclosed self-addressed, stamped envelope.

Thank you, and if you have any questions, please call me.

Sincerely,



Michael M. Hirn

MMH/lb  
Enclosures

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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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*In the Matter of:*

MAR 14 2011

THE VILLAS OF WOODSON BEND )  
CONDOMINIUM ASSOCIATION, INC., et. al. )

PUBLIC SERVICE )  
COMMISSION )

Complainant )

v. )

Case No. 2009-00037 )

SOUTH FORK DEVELOPMENT, INC., )

TIMOTHY L. GROSS, )

and )

THE JANICE GROSS LIVING REVOCABLE )  
TRUST, Janice Gross, Trustee )

Defendants )

STATUS REPORT

Pursuant to the Public Service Commission's Order of February 21, 2011, Complainant The Villas of Woodson Bend Condominium Association, Inc. (the "Association"), hereby provides this status report. Because this matter has been inactive for several months, below the Association provides a brief explanation of the background of the action as well as a description of recent developments. The Association respectfully requests that the Public Service Commission maintain this action because further directive from the Commission will likely be necessary to secure the continued, effective operation of the sewer treatment facility at issue.

BACKGROUND

In April 2002, defendant South Fork Development, Inc. ("South Fork") created the Villas at Woodson Bend Condominium Project by filing of record a master deed with the Pulaski

County Clerk's office. Adjacent to the Condominium Property, South Fork also developed a sewer treatment facility (the "STF") designed to provide sewer treatment services to the individual units within the Condominium Property and to service additional property adjacent to the Condominium Property. That adjacent property is also owned by South Fork Development.

In 2007, after selling multiple units within the Condominium Property, South Fork announced that it would charge the owners for the use of the STF. The owner of South Fork, Timothy Gross, has acknowledged that he did not seek Public Service Commission approval before attempting to charge for the use of the facility and also acknowledged that "it is probably necessary" to seek such approval.

In November 2008, South Fork threatened to stop paying the electricity bill for the operation of the STF and demanded that the Association (comprised of individual unit owners) take over the expense of operating the facility. The Association has paid the electricity bill for the STF since at least early 2009.

In January 2009, South Fork threatened to cut off access to the STF if the Association did not pay over \$30,000 in what South Fork characterized as "back rent." After receiving the threat regarding the discontinuation of sewer treatment service, the Association filed this action. Shortly thereafter, Citizens National Bank, South Fork's lender and a lien holder against the property on which the STF sits, filed a foreclosure action in the Pulaski Circuit Court, Case No. 09-CI-00231.

Since this action and the foreclosure action were filed, South Fork has refused to maintain the STF and has essentially abandoned the facility. Over the last two years, the Association has spent hundreds of dollars replacing equipment and otherwise maintaining the

STF in working condition. Neither Citizens nor South Fork has contributed to the continued viability of the STF.

Within a few months of filing the action, Citizens moved for a summary judgment and an order of sale for the property owned by South Fork. The property subject to the foreclosure action included the STF. Initially, however, the order of sale tendered by Citizens did not include the STF in the property to be auctioned off. Also, the original order of sale expressly stated that any such subsequent sale of the STF “shall be subject to approval by the Kentucky Public Service Commission (“PSC”) to the extent it determines its approval is required by Kentucky law.”

#### **RECENT DEVELOPMENTS**

In the fall of 2010, Citizens moved to enter a supplemental order to expand the foreclosure sale, and on February 15, 2011, the Pulaski Circuit Court entered a Second Order Supplementing Order of Sale which included the STF as a portion of the property that would be subject to sale. Because the Second Supplemental Order did not expressly note that the PSC approval would be required, and for other reasons not relevant to the STF, the Association moved to vacate the Court’s Second Order Supplementing Order of Sale. That motion is set for to be heard by the Pulaski Circuit Court on April 1, 2011. Counsel for Citizens has since indicated that he has no objection to amending the order of sale to include a specific reference to PSC approval as a prerequisite to the sale of the STF.

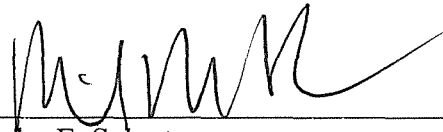
The Association contemplates that the Court will enter an order amending the Second Order Supplementing Order of Sale following the April 1, 2011 hearing and that the amendment will expressly require PSC approval for the sale of the STF. The Association further

contemplates that Citizens or other subsequent purchaser will seek to join this action to procure the PSC's approval as may be necessary.

**CONCLUSION**

The Association respectfully request that this matter remain open before the Commission pending the sale of the STF and until the continued operation of the STF and the provision of sewer treatment services to the Association's members is secure.

Respectfully submitted,



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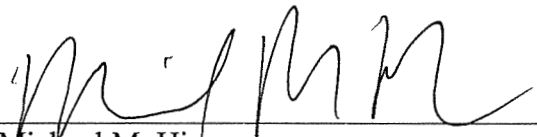
**COUNSEL TO THE VILLAS AT  
WOODSON BEND CONDOMINIUM  
ASSOCIATION, INC.**

**CERTIFICATE OF SERVICE**

It is hereby certified that a copy of this Complaint was served, via first class United States mail, postage prepaid, upon the following individuals this 11th day of March, 2011.

Richard G. Meyer, Esq.  
Dressman Benzinger LaVelle, PSC  
207 Thomas More Parkway  
Crestview Hills, Kentucky 41017  
*Counsel for Timothy L. Gross, Janice M. Gross, The Janice M. Gross Revocable Trust, Southfork Development, Inc. and The Villas Boat Club, Inc.*

Janice Gross  
100 The Villas  
Bronston, KY, 42518

  
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Michael M. Hirn