

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MIDDLETOWN WASTE	)	
DISPOSAL, INC. FOR APPROVAL OF THE	)	CASE NO. 2013-00147
TRANSFER OF STOCK	)	

ORDER

Middletown Waste Disposal, Inc. ("Middletown Waste") has applied for approval of the transfer of control and ownership of 42 percent of its outstanding stock from Donald Lorenz to Jack Kaninberg.<sup>1</sup> Having reviewed the application and being otherwise advised,<sup>2</sup> the Commission finds that:

1. Middletown Waste, a Kentucky corporation organized pursuant to KRS Chapter 271A,<sup>3</sup> owns and operates facilities that provide sewage collection and treatment services to 201 customers in Middletown, Kentucky.<sup>4</sup>
2. Middletown Waste is not subject to the regulation of a metropolitan sewer district.

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<sup>1</sup> While the application states that Middletown Waste is the applicant, Mr. Lorenz and Mr. Kaninberg have signed the application. Furthermore, the Applicant makes reference to "Joint Applicants." Application at 3. Any reference in this Order to Middletown Waste as the applicant includes Mr. Lorenz and Mr. Kaninberg.

<sup>2</sup> Middletown Waste filed its application with the Commission on April 11, 2013. On June 7, 2013, the Commission extended the statutory time period to review the application to 120 days to permit additional time to review this application. No persons have sought to intervene in this matter.

<sup>3</sup> Application Ex. C.

<sup>4</sup> *Annual Report of Middletown Waste Disposal, Inc. to the Public Service Commission for the Calendar Year Ended December 31, 2012* at 1, 12.

3. Middletown Waste's facilities include a 160,000-gallon extended-aeration sewage treatment plant and aeration lagoon.<sup>5</sup>

4. As of December 31, 2012, Middletown Waste had total assets of \$138,516.<sup>6</sup>

5. As of December 31, 2012, Middletown Waste had total liabilities of \$211,078.<sup>7</sup>

6. Middletown Waste currently has 100 shares of outstanding stock issued.<sup>8</sup>

5. Paul A. Lichtefeld currently owns 50 shares of Middletown Waste's outstanding stock.<sup>9</sup>

6. Donald Lorenz currently owns 42 shares of Middletown Waste's outstanding stock.<sup>10</sup>

7. Jack Kaninberg currently owns eight shares of Middletown Waste's outstanding stock.<sup>11</sup>

8. In December 2011, because of significant health issues, Mr. Lorenz ceased his management of Middletown Waste's daily operations and moved to the state

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<sup>5</sup> *Id.* at 11.

<sup>6</sup> *Id.* at 2.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.* at 6.

<sup>9</sup> Application ¶ 1.

<sup>10</sup> *Id.* at ¶¶ 1, 4.

<sup>11</sup> Application Ex. A.

of Florida. Mr. Kaninberg assumed responsibility for the utility's daily operations upon Mr. Lorenz's departure.<sup>12</sup>

10. Since December 2011, Mr. Lorenz's health has deteriorated. He is no longer able to manage his business affairs, including the ownership and management of MWD.<sup>13</sup>

11. Mr. Lorenz proposes to sell his 42 shares of Middletown Waste stock to Mr. Kaninberg for \$21,000.<sup>14</sup>

12. The proposed stock transfer will not affect or involve the utility's assets or increase the utility's liabilities.

13. Mr. Kaninberg was an employee of the Commission for 26 years, serving in various capacities.

14. Mr. Kaninberg operates a consulting firm that provides regulatory services to small utilities.

15. Mr. Kaninberg has served as Middletown Waste's Secretary/Treasurer since April 25, 2012.<sup>15</sup>

Based upon these findings, the Commission makes the following conclusions of law:

1. Middletown Waste is a utility that is subject to Commission jurisdiction.<sup>16</sup>

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<sup>12</sup> Application ¶ 4.

<sup>13</sup> *Id.*

<sup>14</sup> Stock Purchase and Sale Agreement at ¶¶ 1.1 and 2.1.

<sup>15</sup> Application ¶ 6.

<sup>16</sup> KRS 278.010(3)(f).

2. KRS 278.020(5) provides that “[n]o person shall acquire or transfer ownership of, or control, or the right to control, any utility under the jurisdiction of the commission by sale of assets, transfer of stock, or otherwise, or abandon the same, without prior approval by the commission.”

3. KRS 278.020(6) provides that “[n]o individual, group, syndicate, general or limited partnership, association, corporation, joint stock company, trust, or other entity (an "acquirer"), whether or not organized under the laws of this state, shall acquire control, either directly or indirectly, of any utility furnishing utility service in this state, without having first obtained the approval of the commission.”

4. KRS 278.020(6) further provides that “[c]ontrol shall be presumed to exist if any individual or entity, directly or indirectly, owns ten percent (10%) or more of the voting securities of the utility.”

5. As a result of the proposed stock transfer, Mr. Kaninberg will acquire control and ownership of 50 percent of Middletown Waste’s outstanding stock and thus will acquire control of Middletown Waste.

6. Mr. Kaninberg has the financial, technical, and managerial abilities to provide reasonable service to Middletown Waste’s customers.

7. Mr. Kaninberg’s acquisition of 42 percent of Middletown Waste’s outstanding stock is in accordance with law and for a proper purpose.

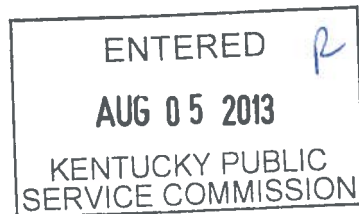
IT IS THEREFORE ORDERED that:

1. The proposed transfer of control and ownership of 42 percent of Middletown Waste’s outstanding stock from Donald Lorenz to Jack Kaninberg is approved.

2. Within 20 days of the completion of the proposed stock transfer, Middletown Waste and Mr. Kaninberg shall file written notice with the Commission of the stock transfer's occurrence and an executed copy of the transfer agreement.

3. Any documents filed pursuant to ordering paragraph 2 shall reference this case number and shall be retained in the utility's general correspondence file.

By the Commission



ATTEST:

  
Executive Director

Donald Lorenz  
Secretary-treasurer  
Middletown Waste Disposal, Inc.  
13005 Middletown Industrial Blvd  
Suite 1  
Louisville, KY 40223