

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED  
JUL 13 2015  
PUBLIC SERVICE  
COMMISSION

IN THE MATTER OF:

AN INVESTIGATION OF CEDAR HILLS DISPOSAL )  
SANITATION CORPORATION'S NOTICE OF )  
INTENT TO ABANDON SERVICE )

CASE NO.  
2015-00100

**RESPONSE OF PUBLIC SERVICE COMMISSION'S  
INITIAL REQUEST FOR INFORMATION**

Comes Cedar Hills Disposal Sanitation Corporation ("Cedar Hills"), and for its answer and response to the Commission's request for information and states as follows:

1. State and describe in detail any upgrades that Cedar Hills currently needs to continue operating and remain in compliance with all regulations and the costs of such upgrades.

**Response: Cedar Hills could continue to operate in the short term without many upgrades. The system was built in the mid-1960s and the infrastructure is basically worn out. The holding tanks, grating, pumps, etc., would need to be replaced if the system was to continue as is for an extended length of time. The lift station pumps were replaced a few years back at approximately \$14,000.00. The cost for the upgrades needed is unknown at this time.**

2. State the current number of customers.

**Response: 121**

3. State the current number of customers with delinquent accounts.

**Response: 0**

4. State the number of disconnections performed year to date.

**Response: 0**

5. State and describe the steps taken to collect on delinquent accounts, including whether late notices were sent, service is cut off, or any court-enforcement actions are commenced.

**Response: Southeast Daviess County Water District handles the billing and collection of payments for \$.50 per customer. There are not any issues with customers not paying.**

6. State whether Cedar Hills currently has an agreement with a water service provider for disconnecting customers' water serve for the failure to pay sewer bills. If so, identify the water provider. If not in place, explain why.

**Response: Southeast Daviess County Water collects the payments and in 19 years it has never been an issue. There is not an agreement that I am aware of.**

7. State the number of customers who have had water service cut off for delinquent sewer bills year to date.

**Response: 0**

8. Explain in detail Cedar Hills' average monthly operating costs.

<b>Response:</b>	<b>Labor</b>	<b>1,200.00</b>
	<b>Electric</b>	<b>400.00</b>
	<b>Water</b>	<b>140.00</b>
	<b>Lab Fee</b>	<b>125.00</b>
	<b>Supplies</b>	<b>100.00</b>

9. State whether Cedar Hills would consider applying for and requesting a rate increase.

**Response:** In 19 years one rate increase was applied for and the amount needed was not granted. A smaller increase was approved. Cedar Hills has continued to operate with the assumption that RWRA would eventually provide the service to its customers. We have continued to move down on their project list. Cedar Hills is not interested in applying for a rate increase. The operator is getting older and the owner does not know anything about running a sewer treatment plant.

10. State whether you are willing to continue operating the system if a rate increase is granted.

**Response:** When I agreed to take Cedar Hills Sanitation, I did not think it would be for 19 years. At the time EPA was pushing for these plants to be discontinued. With the increased regulations, I do not want to pass the liabilities to my estate (children).

11. State whether the system is currently in compliance with all Public Service Commission and Division of Water regulations:

**Response:** The permit was changed to have DMR's submitted monthly. Cedar Hills is unable to do that because the water usage is calculated and given to us quarterly from Southeast Daviess County Water. The permit expired because Cedar Hills did not want to continue operations and notified PSC of its intent.

12. Provide the status of the Cedar Hills discharge permit.

**Response:** Cedar Hills wants to cease operations and did not want to receive another permit. The cost of the permit has increased and the current financial condition of

**the corporation will not support the fee. A permit has been applied for at the expense of the owner.**

13. Identify all individuals surrounding sanitation districts, and municipal systems contacted regarding a potential transfer or sale of the system and the result of those communications.

**Response: Cedar Hills started the process of trying to transfer its interest approximately 5 years ago. Ads were run in the Owensboro Messenger Inquire for an owner/operator. Some individuals contacted were Mark Rust who does trainings for the State, and Mr. Wiggington who takes care of the City of Lewisport. RWRA - Mr. Hawes was contacted regarding this plant with out any luck.**

14. State whether any Cedar Hills residents have been approached or have expressed interest regarding operating or taking over the system.

**Response: There was a public meeting hosted by Daviess County but to my knowledge no one expressed an interest to take over the system.**

15. Provide a summary of any communications with the Owensboro-Daviess County Regional Water Resource Agency ("RWRA") regarding the RWRA's interest and ability in taking over Cedar Hills.

**Response: Discussions started several years ago about when RWRA could take over Cedar Hills Sanitation. The project list they published has listed Cedar Hills for several years but always get pushed down the list.**

16. Do you intend to relinquish control and ownership of interests in all property necessary for providing utility service as provided for under KRS 278.021? List and describe all such property interests and their estimated value.


**Response: Yes, we intend for a smooth transition for the benefit of the customers. The main value is the property itself. The equipment to run the plant (blowers, etc.) will be left in place. Total value approximately \$20,000.00.**

17. Identify any other state agencies that have been contacted regarding the proposed abandonment.

**Response: None.**

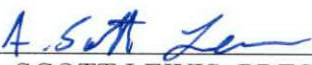
18. If Cedar Hills is authorized to abandon, detail the procedures and processes it will follow in shutting down the utility.

**Response: It is our hope that someone with another entity will take the plant over for the benefit of the customers. Cedar Hills would cooperate to the best of its ability if this were to take place.**

  
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A. SCOTT LEWIS, PRESIDENT  
CEDAR HILLS DISPOSAL SANITATION  
CORPORATION

VERIFICATION

That the above answers and responses to the questions submitted by the Public Service Commission are true and accurate to the best of my understanding and belief.

  
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A. SCOTT LEWIS, PRESIDENT  
CEDAR HILLS DISPOSAL SANITATION  
CORPORATION

Subscribed and sworn to before me by A. Scott Lewis, on this 10th day of July, 2015.

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NOTARY PUBLIC  
My Commission Expires: May 8, 2019

CERTIFICATE OF SERVICE

This is to certify that the foregoing was this 10th day of July, 2015 served on the following parties:

Original: Jeff Derouen  
Executive Director  
Public Service Commission  
P. O. Box 615  
Frankfort, KY 40602

Copy: Claud Porter  
Daviess County Attorney  
P. O. Box 158  
Owensboro, Kentucky 42302.

  
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A. SCOTT LEWIS