

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

CASE NO. 2016-00164

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PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

THE APPLICATION OF THE HARRISON COUNTY
SANITATION DISTRICT FOR APPROVAL OF TRANSFER OF
THE CEDARBROOK SUBDIVISION WASTEWATER
TREATMENT PLANT TO HARRISON COUNTY
SANITATION DISTRICT

APPLICATION FOR APPROVAL OF TRANSFER

Pursuant to KRS 278.020(6), Harrison County Sanitation District ("HCSD") hereby submits to the Public Service Commission of Kentucky ("Commission") this application for the transfer to HCSD of the Cedarbrook Subdivision Wastewater Treatment Plant and Collection System and Appurtenances ("CSWTP") serving the Cedarbrook Subdivision in Harrison County, Kentucky. In support of their application, the HCSD states the following:

1. The waste water treatment plant currently has no owner as RA Williams Construction Co., Inc., was permitted to abandon said plant by order of the Kentucky Public Service Commission dated May 1, 2015, in Case #2014-00091, which is attached hereto and labeled as exhibit "A". Said waste water treatment facility is currently in receivership with Franklin Circuit Court and HCSD was appointed receiver of said facility by order of Franklin Circuit Court dated May 1, 2015. A copy of said order is attached and labeled as exhibit "B". Pursuant to agreement of R.A. Williams Construction Co., Inc. and HCSD, all assets of said plant were assigned and transferred to HCSD. The terms of said agreement are also contained in an order dated May 1, 2015, Franklin Circuit Court, Civil Action #15-CI-00417.

2. HCSD is a public body corporate created and organized pursuant to KRS Chapter 76 of the Kentucky Revised Statutes by ordinance #284 of the Harrison County Fiscal Court

dated July 22, 2014. A copy of which is attached hereto as exhibit "C". The address of HCSD is 111 S. Main Street, Suite 201, Cynthiana, Harrison County, Kentucky 41031.

3. In order to carry out these responsibilities HCSD has operated the Cedarbrook facility as receiver since May 1, 2015 and does not operate any other facility at this time.

4. Pursuant to KRS 76.070 and KRS 76.110, HCSD has the legal authority to acquire land and existing facilities.

5. HCSD is not a utility as defined by KRS 278.010(3)(f).

6. HCSD has been in existence since 2014. HCSD is governed by a Board that consists of three members who are appointed by the County Judge Executive of Harrison County, Kentucky, subject to the approval of the Harrison County Fiscal Court. The procedures for establishment and adjustment of rates are contained in said ordinance.

7. Scott McCauley, as the Chairman of HCSD, is duly authorized to execute this joint application on behalf of HCSD.

8. As of the date of this application, HCSD has no employees. HCSD has contracted with Professional Wastewater Services, LLC to provide a certified waste water treatment plant operator. For the year ending from its appointment on May 1, 2015 to December 28, 2015, HCSD had total operating revenues of \$31,440.21 and total operating expenses of \$24,155.72. HCSD also was recipient of a LBGT grant in the sum of \$1,000,000.00 and a CDBG Loan awarded through KIA in the sum of \$1,567,885.00.

9. The Cedarbrook waste water system serves 52 residential customers in HCSD's service area in Harrison County, Kentucky.

10. Under the Agreement, Franklin Circuit Court by and through its trustee HCSD will transfer to HCSD the WWTP and Collection System currently serving the HCSD service

area located in Harrison County, Kentucky. The assets purchased by HCSD are described more fully in said agreed order, but include the treatment plant and collection system and appurtenances. The conveyance under the Agreement will occur within seven (7) business days after receipt of the approval of this Application for Transfer by the Magistrates and Franklin Circuit Court.

11. Pursuant to the Assets Purchase Agreement, the previous owner, RA Williams Construction Co., Inc., who was permitted to abandon the CSWTP has converted all real estate and collection system to HCSD. RA Williams Construction Co., Inc. has also conveyed all title and interest in the real estate by deeds dated June 3, 2015 and June 4, 2015 related to the CSWTP to HCSD.

12. The Harrison County Fiscal Court has previously approved the operation and management of CSWTP in order to ensure the continuity of utility services to the former customers of RA Williams. Furthermore, the HCSD has proven to possess the financial, technical and managerial abilities to provide reasonable service to HCSD's present customers. Therefore, HCSD acquisition of CSWTP is in accordance with law and for a proper purpose.

13. The proposed transfer of the assets of the CSWTP collection system to HCSD will be accomplished in accordance with law, is for a proper purpose and is consistent with the public interest: (a) HCSD will be entitled to all necessary permits for the operation of the CSWTP collection system; (b) the public interest would be served by the transfer of the collection system to HCSD, as it has the technical expertise to operate the system in accordance with the requirements of the Kentucky Division of Water. As stated in Paragraphs 2 through 8, CSWTP has the requisite managerial ability to provide adequate sewer services to the customers of the CSWTP service area in Harrison County, Kentucky, consistent with the public interest.

14. As a public, municipally owned sewer district and political subdivision, HCSD is exempt from Commission oversight under KRS 278.040(2), the statutory exemption afforded special districts. HCSD is permitted to request other utilities to issue shutoff of water to any residence which is delinquent on any account.

WHEREFORE, the undersigned Applicant respectfully requests the Public Service Commission to issue an Order finding that HCSD has the financial, technical and managerial abilities to provide reasonable service to the wastewater customers of Cedarbrook Subdivision; that the proposed transaction is in accordance with law, is for a proper purpose, and is consistent with the public interest; and that the proposed transfer of the CSWTP by Franklin Circuit Court to HCSD is authorized and approved. Furthermore, the HCSD requests that said transfer be effective December 28, 2015 nunc pro tunc and the applicant should not be required to submit any additional reports or accounts to the PSC for the time prior to the effective transfer date.

The HCSD furthermore requests that the Public Service Commission authorize and permit the Harrison County Water Association to recognize disconnect requests from the HCSD for non-payment and make said disconnection without the Public Service Commission approval and in the same way as it handles requests from other governmental agencies.

Respectfully submitted,

CEDARBROOK SUBDIVISION



Scott McCauley

COMMONWEALTH OF KENTUCKY
SCT
COUNTY OF HARRISON

The foregoing Application for Approval of Transfer was subscribed, sworn to and acknowledged before me by Scott McCauley, this the 12th day of April, 2016.

My Commission expires:

12/21/2019



Notary Public

This instrument prepared by:



Hon. Bradley K. Vaughn
Attorney at Law
201 S. Main Street, Suite 3
Cynthiana, KY 41031
(859) 234-3110
harrisoncountyattorney@gmail.com