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Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
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Chairman

Robert Cicero  
Vice Chairman

Daniel E. Logsdon Jr.  
Commissioner

March 3, 2017

PSC STAFF OPINION 2017-003A

Hon. Pat White, Jr.  
Whitley County Judge Executive  
P.O. Box 237  
Williamsburg, KY 40769

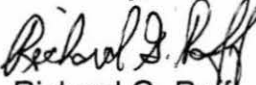
Rep. Regina Bunch  
State Representative, 82<sup>nd</sup> District  
179 Mountain St.  
Williamsburg, KY 40769

Re: Water Service in Whitley County, Kentucky

Dear Judge White and Representative Bunch,

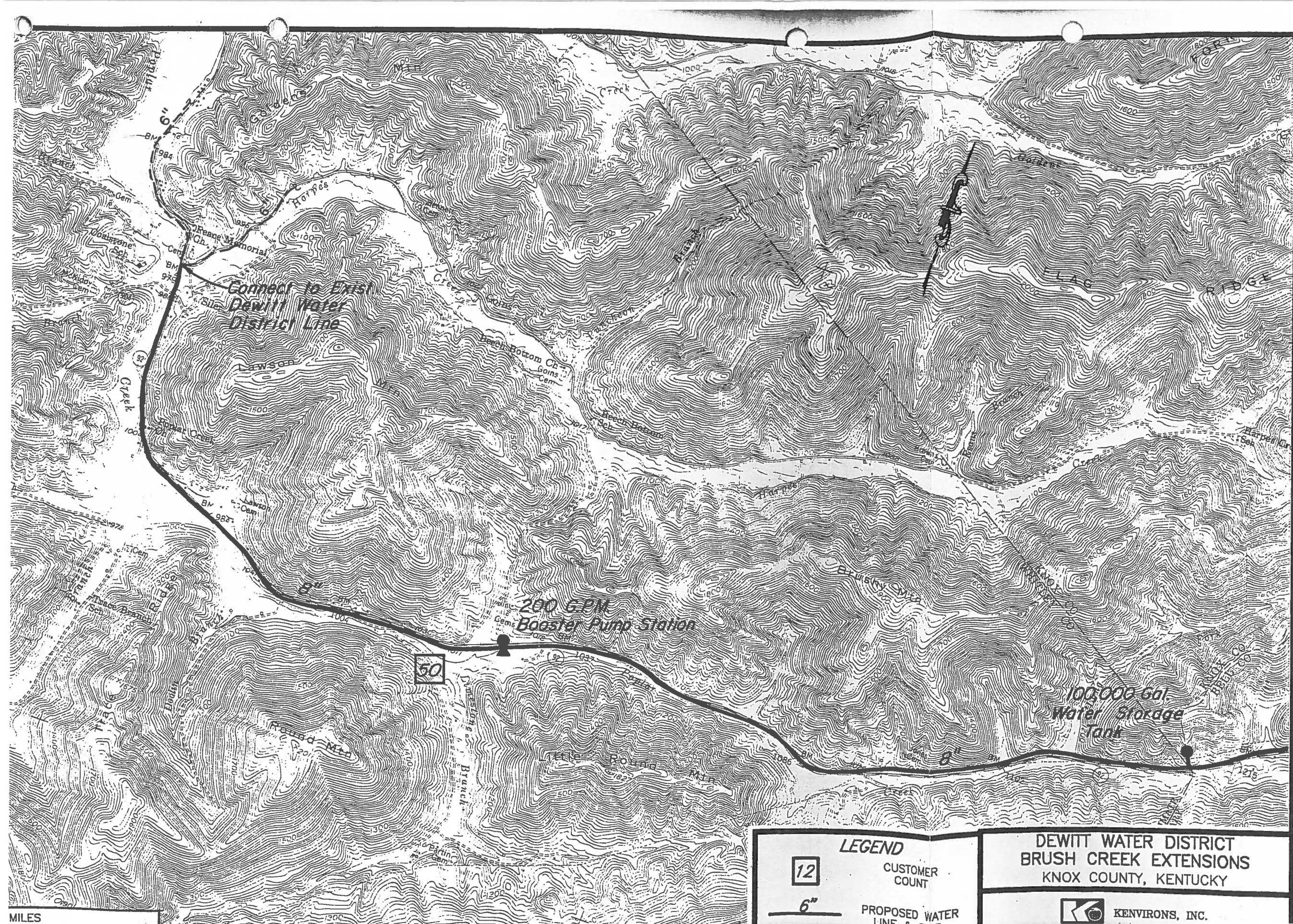
On February 1, 2017, Commission Staff issued a Staff Opinion in response to your requests regarding water service in Whitley County, Kentucky. It appears that the documents referenced in the letter as enclosed inadvertently were not included in the letter sent to you. These documents are: a map submitted by East Knox Water District ("East Knox") with its application for approval of the Brush Creek Project in Case No. 2000-427; an order of the Whitley County Judge/Executive approving the annexation of territory within Whitley County to East Knox; the merger agreement between East Knox and Dewitt Water District; and a map submitted by Knox County Utilities Commission showing the boundaries of its service territory. The documents are provided with this letter.

Questions concerning this letter should be directed to John B. Park, Commission Staff Attorney, at (502) 782-2589, or John.Park@ky.gov.

Sincerely,  
  
Richard G. Raff  
General Counsel

Enclosures

JBP/ph




MATCH SHEET 2

**LEGEND**

12 CUSTOMER COUNT

6" PROPOSED WATER LINE

**DEWITT WATER DISTRICT  
BRUSH CREEK EXTENSIONS  
KNOX COUNTY, KENTUCKY**

 **KENVIRONS, INC.**

MILES

BEFORE THE COUNTY JUDGE/EXECUTIVE  
OF WHITLEY COUNTY, KENTUCKY

IN THE MATTER OF THE EAST KNOX COUNTY WATER DISTRICT

ORDER APPROVING ANNEXATION OF TERRITORY  
TO THE EAST KNOX COUNTY WATER DISTRICT



WHEREAS, there has heretofore been filed with the Whitley County Judge/Executive, a Petition by the Board of Commissioners of the East Knox County Water District, petitioning the Whitley County Judge/Executive to annex to said Water District the territory described in said Petition and in this Order, pursuant to Sections 74.110 and 74.115 of the Kentucky Revised Statutes, and

WHEREAS, this Court entered an Order setting this matter for hearing on this matter and directing the publication of Notice of Filing of said Petition for annexation and of notice of the time of the Hearing, and

WHEREAS, said Notice was duly published pursuant to KRS 74.110 and Chapter 424 in the *News-Journal* as set out in the Affidavit of Publication attached to this Order, and which publication is hereby approved, and

WHEREAS, a period of more than thirty (30) days after the publication of said Notice during which thirty-day period all residents of the District and of said area proposed to be annexed, had an opportunity to file objections, and

WHEREAS, said territory proposed to be annexed is not located in, and does not include, any existing incorporated city, Water District or other municipality, or any part thereof,

NOW, THEREFORE, IT IS HEREBY ORDERED BY THE WHITLEY COUNTY JUDGE/EXECUTIVE

1. That the territory hereinafter described shall be and is hereby annexed to and made a part of the East Knox County Water District, said territory being described as follows:

PROPOSED AREA IN WHITLEY COUNTY TO BE ANNEXED  
BY  
EAST KNOX COUNTY WATER DISTRICT

Beginning at a point on Highway 904 approximately 0.5 miles west of Highway 92 in Whitley County, continuing east along the south side of Highway 92 to intersection of Highway 1595 and Highway 92, thence due south to Whitley County and Bell County line, thence with Bell County and Whitley County line to Highway 92, thence northwest with the Whitley County/Knox County line approximately 3.0 miles to Puncheon Branch, thence southwest to point at Highway 904 and Highway 92 in Whitley County.

2. This County Judge/Executive has found and does hereby find that such annexation is reasonably necessary for the public health, convenience, fire protection, safety and comfort of the residents within the area proposed to be annexed and is in the best interests of the people residing within said area to be annexed and of the present residents of said Water District.

This Order is entered on this 16<sup>th</sup> day of October, 2000, shall be effective immediately and shall be filed by the County Clerk with all other records of the East Knox County Water District in the Whitley County Clerk's office.

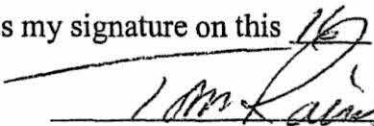
Entered on this 16<sup>th</sup> day of October, 2000.

  
Whitley County Judge/Executive

STATE OF KENTUCKY    )  
  ) SS  
COUNTY OF WHITLEY    )

I, the undersigned, hereby certify that I am the duly qualified and acting County Clerk of Whitley County, Kentucky, that the foregoing is a true copy of an Order of the Whitley County Judge/Executive approving the annexation of certain territory to the East Knox County Water District, and entered by the Whitley County Judge/Executive on October 16, 2000, and that said Order is recorded in my office in the file of the East Knox County Water District and in Order Book 25, Page 537.

IN TESTIMONY WHEREOF, witness my signature on this 16 day of October, 2000.

  
Whitley County Clerk

MERGER AGREEMENT

THIS MERGER AGREEMENT made and entered into by and between the EAST KNOX WATER DISTRICT, a water district existing by virtue of Chapter 74 of the Kentucky Revised Statutes ("East Knox") and DEWITT WATER DISTRICT, a water district existing by virtue of Chapter 74 of the Kentucky Revised Statutes ("Dewitt"):

W I T N E S S E T H :

WHEREAS, East Knox owns and operates a water treatment plant and water distribution system serving a portion of Knox County, Kentucky ("County"), and supplies water and labor to Dewitt, and

WHEREAS, Dewitt purchases its water from East Knox and the City of Corbin, Kentucky ("City"), and

WHEREAS, the respective Boards of Water Commissioners of East Knox and Dewitt have determined by respective Resolutions that it is in the best interests of the customers of East Knox and Dewitt and the residents of the County generally, that East Knox and Dewitt be merged into a single, surviving water district to be known as "Knox County Utility Commission", which shall assume all of the debts, obligations, duties and rights of East Knox and Dewitt and provide water service to the residents of the County now served by East Knox and Dewitt, and

WHEREAS, the respective Boards of Water Commissioners of East Knox and Dewitt have determined that the merger of their districts will eliminate certain duplication of costs in providing water service and permit Knox County Utility Commission to provide a higher degree of service to the public which it will serve on a more economical basis, and

WHEREAS, under the provisions of KRS 74.361, the General Assembly of the Commonwealth of Kentucky has determined that a reduction in the number of water districts throughout the Commonwealth is in the public interest in that mergers of such districts will tend to eliminate duplication of costs and expenses, result in a sounder and more business-like degree of management and ultimately result in greater economies, less costs, and a higher degree of service to the general public and has stated that public policy favors the merger of water districts whenever feasible, and

WHEREAS, pursuant to the provisions of KRS 74.363, the merger of East Knox and Dewitt is subject to the approval of the Public Service Commission of Kentucky ("PSC");

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN CONTAINED, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

### INTENT OF THE AGREEMENT

It is the intention of the parties hereto in the execution of this Merger Agreement to provide a mechanism for the merger of East Knox and Dewitt into surviving entity known as Knox County Utility Commission pursuant to the provisions of KRS 74.363 with the end result that following PSC Approval, Knox County Utility Commission will be owned and operated by the merged Water Districts as a separate system. In the alternative, in the event PSC approval is not obtained, it is the intention of the parties to revert to their present status as two independent water districts.

During the Interim Period, the Commissioners of each District shall remain in office and shall continue to supervise and manage their respective District's system.

### DETERMINATION THAT MERGER IS FEASIBLE

That the Board of Water Commissioners of East Knox and the Board of Water Commissioners of Dewitt have studied the benefits anticipated to result from the Merger of these Districts into the surviving Knox County Utility Commission and have by Resolution determined that the Merger is in the best interests of both Districts and will tend to eliminate duplication of costs, promote economies of operation, and provide consolidated management which are believed will result in greater economies of operation and a higher degree of service to the residents of the County now served by East Knox and Dewitt.

### APPROVAL OF PUBLIC SERVICE COMMISSION

That in accordance with the provisions of KRS 74.361, the Chairmen of East Knox and Dewitt are authorized to execute a joint Petition to the Public Service Commission whereunder said Districts will apply to said Public Service Commission for the required approval of the Merger and the ratification of rates and charges for water service to be provided by the newly created Knox County Utility Commission.

### APPROVAL OF THE UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT

That Rural Development is presently the Registered Owner of all of the East Knox Bonds and all of the Dewitt Bonds and it is necessary that the approval and consent of Rural Development to the Merger be obtained. Simultaneously with the filing of the Petition with the Public Service Commission, Counsel for East Knox and Dewitt, in conjunction with Bond Counsel, shall submit such documentation as necessary to obtain the formal consent of Rural Development to the Merger and to the exchange of all outstanding East Knox Bonds and Dewitt Bonds for an equal amount of Knox County Utility Commission Bonds having the same rate of interest and same

principal maturities as the Bonds exchanged.

In similar fashion, Counsel are directed to take such steps as are necessary to assure that the City of Corbin, Kentucky will accede to the Merger and continue to supply Knox County Utility Commission with sufficient water to service the area formerly served by Dewitt.

GOVERNING BODY OF NEW DISTRICT

That in accordance with KRS 74.363(2)(b) the present Water Commissioners of East Knox and Dewitt shall serve as a combined governing body of the newly created Knox County Utility Commission until one (1) year after approval of the merger by the Public Service Commission. Thereafter, the board shall be composed as follows:

Knox County Utility Commission shall consist of seven (7) Water Commissioners two (2) of whom shall reside in Knox County in the area formerly constituting the East Knox Water District; two (2) of whom shall reside in Knox County in the area formerly constituting the Dewitt Water District; two (2) of whom shall reside in Whitley County in the area served by Knox County Utility Commission; and one (1) of whom shall reside in Bell County in the area served by Knox County Utility Commission. Each of the water Commissioners shall be appointed by the judge executive of the county in which the respective commissioners resides.

ESTABLISHMENT OF NEW MERGED DISTRICT; ASSUMPTION OF DEBT

That upon the Approval of the Public Service Commission the Commissioners of the newly established Knox County Utility Commission, and upon the issuance of the Water Revenue Bonds of Knox County Utility Commission all of the income and revenues derived from the operation of the former East Knox District and the former Dewitt District shall be combined and applied to the payment of the debt obligations of Knox County Utility Commission and the expenses of operating, maintaining, and insuring all of the facilities formerly owned by East Knox and Dewitt.

That there shall be no distinction among the New Bonds of Knox County Utility Commission as to security and source of payment and following the issuance thereof the combined Systems of East Knox and Dewitt shall be operated as a single facility.

CONVEYANCE OF ALL RIGHTS, TITLE AND INTEREST OF  
EAST KNOX AND DEWITT

Upon the approval of the Public Service Commission, East Knox and Dewitt agree to convey to Knox County Utility Commission, subject to the rights of the Registered Owners of the outstanding East Knox Bonds and Dewitt Bonds, all of each District's right,

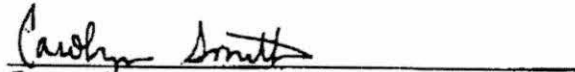
title and interest in and to the real estate and personal property comprising the respective Systems of the two Districts, including all easements, contracts, water lines, and machinery and equipment and each District agrees to execute such Deeds, Bills of Sale, Assignments or other documentation necessary to vest title to all of each District's property in Knox County Utility Commission.

IN TESTIMONY WHEREOF, the East Knox Water District, acting by and through its Board of Water Commissioners, has caused this instrument to be executed in its name and on its behalf by its Chairman, attested by its Secretary and the Dewitt Water District, acting by and through its Board of Water Commissioners, has caused this instrument to be executed on its name and on its behalf by its Chairmen, attested by its Secretary, as of the 14 day of May 1999.

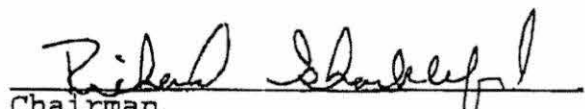
EAST KNOX WATER DISTRICT

  
Chairman

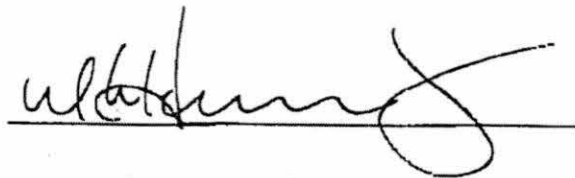
ATTEST:

  
Secretary

DEWITT

  
Chairman

ATTEST:



# Knox County Utility Commission Water District Boundaries

- ⊙ Cities
- County Boundary Lines
- 1964-07-24 Formation of East Knox County Water District.pdf
- 1965-11-08 PSC Order for Creation of District (exclusion of Barbourville).pdf
- 1970 Knox County Court Order Ratifying Creation of Dewitt Water District.pdf
- 1994-09-18 Dewitt Water District Annexation.pdf
- 2000 Proposed Area in Knox County to be Annexed by East Knox County Water District.pdf
- 2000-10-16 Bell County Order approving Annexation of Territory to East Knox County Water District.pdf
- 2000-10-16 Whitley County Order approving Annexation of Territory to East Knox Water District.pdf

