

COMMONWEALTH OF KENTUCKY
BEFORE THE UTILITY REGULATORY COMMISSION

In the Matter of:

THE JOINT APPLICATION OF THE CITY OF)
MT. OLIVET, KENTUCKY AND BUFFALO TRAIL)
WATER ASSOCIATION, INC., FOR APPROVAL)
OF FORMATION OF A WATER DISTRICT,)
ENCOMPASSING THE SERVICE AREA OF THE)
ABOVE NAMED SYSTEMS, TO MAKE APPLICA-)
TION FOR FEDERAL ASSISTANCE FOR)
IMPROVEMENTS TO THE WATER SYSTEMS,)
UPON THE SUCCESS OF WHICH APPLICATION)
THE GOVERNING BODY OF EACH EXISTING)
WATER SYSTEM WOULD BE DISSOLVED AND)
THE NEW WATER DISTRICT WOULD ASSUME)
FULL RESPONSIBILITY FOR OPERATION)
AND MAINTENANCE OF THE COMBINED WATER)
SYSTEM)

CASE NO. 7044

O R D E R

On March 9, 1978, a joint application was filed with this Commission by the City of Mt. Olivet (hereinafter the "City") and Buffalo Trail Water Association, Inc., (hereinafter the "Association"). The said application was seeking Commission approval for merger of the City and the Association into a new water district encompassing the service areas of the two water systems.

The joint applicants had considered their common problem of inadequate water supply due to the capacity and the operational condition of the Mt. Olivet water treatment plant supplying water for the joint applicants. Merger of the two systems was established as the first step to be taken in their plan of actions for securing federal assistance in financing the construction of a new water treatment plant for meeting existing and future needs of the joint applicants. Payment of the debt on the existing Mt. Olivet water treatment plant would also be included in requests for federal assistance.

The Buffalo Trace Area Development District (hereinafter "BTADD") was the prime mover in bringing about the matter set in motion on behalf of the joint applicants. The Commission

staff, in working with the BTADD staff, advised that the water district comprised of the joint applicants should have uniform rates, and that the Association's rates should be adjusted to match the new rates of the City before proceeding with further actions on the merger. The City, a non-jurisdictional utility, did not need the Commission's approval for its rate adjustment.

During the period of time taken by the Association for making decisions on its proposed rate adjustments and for the preparation of its application to this Commission, another matter developed which altered FmHA's interest in consideration of the requested financial assistance of the joint applicants. The other matter involved expansion of the Western Fleming County Water District's water treatment plant. FmHA's consideration of a new plant for the joint applicants was set aside pending evaluation of the alternate possibility of obtaining water for both the City and the Association from the Western Fleming County Water District. A study showed that additional expansion of the Western Fleming County Water District would rate higher in FmHA's "Benefitted Customer" evaluation than would construction of the proposed treatment plant for the joint applicants. The project for expansion of the Western Fleming County Water District's treatment plant is now under construction and capacity therein has been reserved for the City and the Association. The FmHA's financial assistance to the Western Fleming County Water District, the City and the Association includes water mains connecting the three systems for distribution of water from the expanded plant.


THE COMMISSION, THEREFORE, FINDS that the objectives and basis for merger of the City and the Association as set forth in the joint application filed with this Commission on March 9, 1978, have been obviated by actions occurring subsequent to March 9, 1978, as delineated herein.

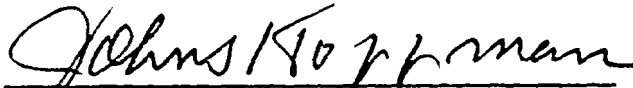
THE COMMISSION FURTHER FINDS the joint application of the City and the Association in this matter should be dismissed without prejudice. Further, however, the Commission advises and it hereby encourages the City and the Association to file a new application for merger incorporating therein their current operating and financial conditions.


IT IS THEREFORE ORDERED that the application filed March 9, 1978, for merger of the City and the Association be and it is hereby dismissed without prejudice.

Done at Frankfort, Kentucky, this 29th day of August, 1980.

UTILITY REGULATORY COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary