

COMMONWEALTH OF KENTUCKY  
BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of:

THE APPLICATION OF BIG SANDY )  
WATERWORKS, INC. FOR APPROVAL ) CASE NO. 8014  
OF THE SALE OF HIGHLAND WATER )  
COMPANY )

O R D E R

On October 20, 1980, Big Sandy Waterworks, Inc., a new company formed October 3, 1980, and hereinafter referred to as "Applicant", filed its petition to purchase the assets of Highland Water Company for fifty thousand dollars (\$50,000) and to operate the Highland Water Company as Big Sandy Waterworks, Inc.

The matter was set for public hearing at the Commission's offices in Frankfort, Kentucky, on November 18, 1980, by an Order entered November 3, 1980. All parties of interest were notified with no protests being entered. The hearing was held as scheduled and the matter is now considered to be fully submitted for final determination by the Commission.

COMMENTARY

The Applicant and Highland Water Company have entered into an agreement whereby the Applicant will purchase the assets of the Highland Water Company for fifty thousand dollars (\$50,000). The depreciated value of these assets is approximately fifty-seven thousand one hundred twenty-two dollars and forty-seven cents (\$57,122.47).

The Applicant has further agreed to make certain additions and improvements in the existing Highland Water Company system; these improvements include but are not limited to the construction of a separate chlorine room with vents, the relocation of the river pump to a permanent building and the inspection, repair and/or replacement of defective meters and water lines. These repairs and improvements are deemed necessary as a measure to insure uninterrupted service to the customers of Highland Water Company and to bring the system into compliance with the Department of Natural Resources and Environmental Protection (the Highland Water Company currently is not in compliance with this Department).

The improvements and repairs should be completed in approximately six (6) months at an estimated cost of four thousand six hundred dollars (4,600).

FINDINGS IN THIS MATTER

The Commission, after consideration of the evidence of record and being advised is of the opinion and finds:

1. That it is in the best interest of the customers of Highland Water Company, in order to maintain the highest and best quality of service, for the Applicant to purchase Highland Water Company.

2. That a Bulk Sales Agreement was made and entered into, by and between Applicant and Highland Water Company on October 14, 1980, in which Applicant agreed to purchase and Highland Water Company agreed to sell the assets of Highland Water Company subject to approval of this Commission.

3. That Applicant is ready, willing and able to provide adequate water service to the customers presently being served by Highland Water Company and that Applicant will continue to employ such persons as are necessary and experienced for the proper and efficient operation of the water facility.

4. That the Highland Water Company is not in compliance with the Department of Natural Resources and Environmental Protection and should be brought into compliance by Applicant within six (6) months of the date of purchase of the Highland Water Company.

5. That the Applicant should file with this Commission quarterly reports detailing Applicant's efforts to bring its water line loss down to acceptable levels.

6. That the sale of Highland Water Company to Applicant will have no effect on the rates of the consumer of Highland Water Company.

7. That the existing rates and tariffs of Highland Water Company be adopted by Applicant.

8. That Applicant file within thirty (30) days of this Order its tariff sheets setting forth its rates, and all rules and regulations of the Utility.

9. That Highland Water Company should file with this Commission the closing journal entries upon the transfer of assets described herein and that Applicant should file its corresponding opening entries.

ORDERS IN THIS MATTER

The Commission, on the basis of the findings hereinbefore set forth and the evidence of record in this matter:

HEREBY ORDERS that Big Sandy Waterworks, Inc. be and is hereby authorized to purchase the Highland Water Company in accordance with the terms set forth in the Bulk Sales Agreement dated October 14, 1980.

IT IS FURTHER ORDERED that within six (6) months following the date of purchase of the Highland Water Company the Applicant is required to bring the system into compliance with the Department of Natural Resources and Environmental Protection.

IT IS FURTHER ORDERED that Applicant shall file with this Commission, on a quarterly basis, reports detailing its efforts to bring the water line loss down to an acceptable level.

IT IS FURTHER ORDERED that the existing rates, tariffs and regulations filed by Highland Water Company with this Commission shall be adopted by the Applicant.

IT IS FURTHER ORDERED that Applicant shall file within thirty (30) days of this Order its tariff sheets setting forth its rates, and all other rules and regulations of the Utility.

IT IS FURTHER ORDERED that upon the transfer of assets described herein, Highland Water Company shall provide the closing journal entries and Applicant provide its opening journal entries.

IT IS FURTHER ORDERED that Highland Water Company shall file with this Commission its Annual Report covering the portion of the year 1980 that it operated as a public utility under the Commission's jurisdiction.

Done at Frankfort, Kentucky, this 26th day of November, 1980.  
UTILITY REGULATORY COMMISSION

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Chairman

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Vice Chairman

ATTEST:

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Secretary

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Commissioner