

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE COMPLAINT OF MRS. NARDA)
LEWIS AND OTHERS AGAINST THE) CASE NO. 8148
KENVIR WATER WORKS, INC.)

O R D E R

Preface

On February 17, 1981, Mr. Lee Gross, a customer of the Kenvir Water Works, Inc. (the "Utility"), reported to this Commission that Mr. Winston Madden had on February 16, 1981, stopped operations of the Utility and thereby had discontinued service to the approximately 200 customers served by the Utility. A letter of complaint against the Utility was received on February 18, 1981, from Mrs. Narda Lewis. The Commission, on the basis of the aforementioned letter of complaint and numerous telephone conversations (that included the following persons: Mr. Frank Hammons of the London District Office of the Kentucky Department for Natural Resources and Environmental Protection; Mr. Lee Gross, P. O. Box 253, Kenvir, Kentucky, a customer of the Utility; Mrs. Narda Lewis, P. O. Box 74, Dizney, Kentucky, a customer of the Utility and the elected spokesperson for a group of the Utility's customers; Mr. Winston Madden, operator and owner of the Utility; and Mr. Bob Ackerson, attorney for the record owner of the Utility) and on its own motion finds that the Utility violated Section (2) of KRS 278.030 at the time it ceased to provide water service to its customers and KRS 278.160 when rates were increased without approval of the Commission.

On February 24, 1981, the Utility Regulatory Commission, predecessor to the Public Service Commission, ordered Mr. Winston Madden, Mr. George Madden, and Mr. William Reynolds to appear and to show cause why certain actions did not result in violations of KRS 278.030 and KRS 278.160. This matter was set for public hearing at the Commission's office in Frankfort, Kentucky, on March 5, 1981. All parties of interest were notified with the Consumer Intervention Division of the Attorney General's Office being permitted to intervene in the matter. Testimony at the hearing held March 5, 1981, indicated that 100% of the stock in Kenvir Water Works, Inc., had been transferred to Mr. Winston Madden on April 15, 1980, pursuant to a Memorandum of Understanding entered into on March 21, 1980. The agreement provided for Mr. Madden to pay the stockholders \$8,000 as a down payment and \$4,000 in twelve (12) monthly installments.

Neither the Reynolds nor Mr. Madden made application to the Commission for approval of the transfer of complete stock ownership in Kenvir Water Works, Inc. As a consequence, the Reynolds had discontinued providing water service without the Commission's approval and Mr. Madden has never been determined to be "ready, willing and able" to own and operate the water system, as required by Public Service Commission v. City of Southgate, 268 SW2d 19 (1954).

The entire matter is now considered to be fully submitted for a final determination by this Commission.

FINDINGS IN THIS MATTER

The Commission, after a review of the record and being fully advised, is of the opinion and finds that:

(1) The Reynolds and Mr. Madden failed to obtain the required approval of this Commission before attempting to transfer the complete stock ownership of Kenvir Water Works, Inc.

(2) Mr. Madden is not "ready, willing and able" to own and operate the water system.

(3) The purported sale of the Kenvir Water Works, Inc., does adversely affect the public interest and should not be approved.

(4) The Utility did, on February 16, 1981, discontinue its efforts to provide adequate, efficient and reasonable service to its customers as required by KRS 278.030.

(5) The Utility is billing its customers at a rate not approved by this Commission, in violation of KRS 278.160.

(6) The Utility should employ such persons as are necessary and experienced for the proper and efficient operation of the water facility within ten days of this Order.

(7) The Utility should file with this Commission, within 30 days of this Order, a report detailing the Utility's efforts to bring its service into satisfactory compliance with all regulatory requirements of the Public Service Commission.

(8) The Utility should file within 30 days of this Order its existing tariff sheets setting forth its rates, rules and regulations.

ORDERS IN THIS MATTER

The Commission, on the basis of the matters hereinbefore set forth and the evidentiary record in this case:

HEREBY ORDERS that the purported purchase of Kenvir Water Works, Inc., by Mr. Winston Madden is hereby null and void, and ownership shall remain with the previous owners, William K., Jack, John and Jerry Reynolds.

IT IS FURTHER ORDERED that the Utility shall furnish adequate, efficient and reasonable service as required by KRS 278.030.

IT IS FURTHER ORDERED that the Utility shall charge the customers only that rate which has been approved by the Commission.

IT IS FURTHER ORDERED that the Utility shall employ such experienced persons as are necessary for the proper and efficient operation of the water facility within ten (10) days of this Order.

IT IS FURTHER ORDERED that the Utility shall file with this Commission within thirty (30) days a report detailing the Utility's efforts to bring its service into satisfactory compliance with all regulatory requirements of the Public Service Commission.

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

Done at Frankfort, Kentucky this 22nd day of April, 1981.

PUBLIC SERVICE COMMISSION

Martin N. Voth
Chairman

Katharine Randall
Vice Chairman

Don Lawrence
Commissioner

ATTEST:

Secretary