

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

AMENDED APPLICATION OF CHARLES T.)
WEAVER, OWNER OF THE STOCK OF)
FARMDALE DEVELOPMENT CORPORATION)
AND FARMDALE UTILITIES, INC., FOR) CASE NO. 8449
AUTHORITY TO PURCHASE THE STOCK)
OF FARMDALE DEVELOPMENT CORPORA-)
TION AND TO BORROW THE FUNDS)
NECESSARY FOR SUCH PURPOSES;)
)
)

AMENDED APPLICATION OF CHARLESWOOD)
UTILITIES, INC., FOR AUTHORITY TO)
ACQUIRE AND OPERATE THE SEWAGE)
TREATMENT PLANT OWNED BY COOPER)
CHAPEL SANITARY FACILITIES, INC.) CASE NO. 8457
AND AUTHORITY TO ACQUIRE AND)
INCUR THE NECESSARY DEBT FINANCING)
TO PURCHASE THE STOCK OF COOPER)
CHAPEL SANITARY FACILITIES, INC.;)
and)
)
)

APPLICATION OF FARMDALE UTILITIES,)
INC., FOR AUTHORITY TO ACQUIRE THE)
STOCK AND TO OPERATE THE SEWAGE) CASE NO. 8458
TREATMENT PLANT OWNED BY PROMOTIONAL)
INDUSTRIES, INC., IN JEFFERSON COUNTY)
KENTUCKY)

ORDER DENYING

PETITION FOR

REHEARING

On August 5, 1982, the Commission issued its Orders in the above-captioned cases authorizing Farmdale Utilities, Inc., to acquire and operate Farmdale Development Corporation, Inc., and Promotional Industries, Inc., and authorizing Charleswood Utilities, Inc., to acquire and operate Cooper Chapel Sanitary Facilities, Inc. The Commission in those Orders apprised the acquiring

corporations ("applicants") that interest charges on debt exceeding the level of debt which would have been incurred to finance the original cost of plant in service (excluding any acquisition adjustments and less accumulated depreciation and contributions in aid of construction) would be disallowed for rate-making purposes.

In their joint petition for rehearing filed on August 25, 1982, the applicants requested that the Commission hear further evidence regarding the book value of each utility. The Commission is of the opinion that no proof has been offered which supports applicants' assertion that the books of sewer utilities could be inadequate and therefore not reflect the original cost of plant in service. Moreover, the applicants' sole stockholder, Mr. Carroll Cogan, as a prudent investor, should have investigated the books of each utility prior to agreeing to purchase the utilities at the stated purchase prices.

No other matters presented in the applicants' petition point to any new evidence or issues which were not considered by the Commission in its Orders of August 5, 1982.

Therefore, the Commission, after further consideration of the evidence of record, finds that the applicants' petition for rehearing should be denied.

IT IS THEREFORE ORDERED that the petition for rehearing filed August 25, 1982, be and it hereby is denied.

Done at Frankfort, Kentucky, this 14th day of September,
1982.

Marlin W. Vohs
Chairman

Katharine Randall
Vice Chairman

Tom Carver
Commissioner

ATTEST:

Secretary