

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF CAMPBELL COUNTY,)
KENTUCKY WATER DISTRICT FOR)
AUTHORITY TO ACQUIRE AND TO) CASE NO. 8539
OPERATE THE COLD SPRING WATER)
DISTRIBUTION FACILITIES AT ITS)
EXISTING RATES)

O R D E R

On May 28, 1982, the Cambell County Water District ("District") filed an application for approval to acquire the water distribution facilities of the City of Cold Spring, Kentucky, ("City") for a purchase price of \$709,350. The District's reserves are adequate to cover the costs of the proposed acquisition.

A hearing was held in Frankfort, Kentucky, on June 22, 1982. There were no intervenors present at the hearing, and no protests were entered.

The Commission's Interim Order of August 4, 1982, found that the service area of the City was outside the service area boundaries of the District and ordered that the application be held in abeyance until the District's boundaries had been expanded to include those of the City.

On September 23, 1982, an Order was entered to remove this matter from the Commission's docket because of the District's failure to accomplish the annexation of the City's service area as required by KRS 74:110. The Order stated that this matter

could be redocketed upon motion of the District and the filing of an Order of the Campbell County Judge Executive approving the annexation of the service area of the City. The District satisfied the Commission's requirements for the redocketing of this matter and its Motion for Redocketing and Approval of Application is hereby sustained.

The Public Service Commission, after consideration of the application and all evidence of record and being advised, is of the opinion and finds that:

1. The merger of the water systems of the District and the City is in the public interest in that operations of the combined systems should be more efficient and effective in the providing of water services than operation of the separate systems. Further that the District, by acquisition of the City's 751⁽¹⁾ customers, will expand the revenue base for production of its revenue requirements and the City by virtue of the water storage existing within the District will not need to construct additional water storage tanks at this time.

2. The conveyance agreement provides reasonable terms for consummation of the proposed conveyance of the City's facilities to the District. The District will maintain and operate the City's facilities as if the final conveyance had taken place upon receipt of this Order although it is not scheduled to occur until the year 2010 when all of the City's waterworks bonds are retired.

(1) The City of Crestview, a wholesale customer serving 150 retail customer, is included in the 751 customer count.

3. The District's \$709,350 total cost of acquisition of the City's facilities includes one cash payment of \$65,000 and its \$644,350 cost of furnishing U.S. Treasury Bonds valued at approximately \$640,000 to the City to provide for defeasance of the City's bonds.

4. The City is ready, willing and able to convey its waterworks facilities to the District,

5. The District is ready, willing and able to acquire the City's waterworks facilities and provide continuing operations and maintenance for the benefit of the customers now served by the City.

6. The rates now charged for water services by the City are the same as those charged by the District. The uniform rate structure of the District should not, therefore, be altered by acquisition of the City's customers.

7. The District's service area boundaries, by Order of the Campbell County Judge Executive dated November 5, 1982, have been expanded to include the City's water service area.

8. The acquisition of the assets and liabilities of the City's waterworks facilities should be reflected in the District's annual reports filed with this Commission.

IT IS THEREFORE ORDERED that the proposed conveyance of the City's waterworks facilities to the District as set forth in the application and record in this case be and it hereby is approved,

IT IS FURTHER ORDERED that the rates charged the City's former customers be the same as the District's existing rates as set by Order of this Commission entered April 12, 1979, in Case No. 7337.

IT IS FURTHER ORDERED that future annual reports filed with this Commission by the District shall reflect the acquisition of the assets and liabilities of the City's waterworks facilities,

Done at Frankfort, Kentucky, this 21st day of December, 1982.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary