

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF RUSSELLVILLE #1 WATER DISTRICT)
OF LOGAN COUNTY, KENTUCKY, AND THE APPLICATION)
OF SOUTH LOGAN WATER ASSOCIATION, INC., OF)
LOGAN COUNTY KENTUCKY, FOR THE MERGER OF)
RUSSELLVILLE #1 WATER DISTRICT AND THE TRANSFER)
OF THE ASSETS AND LIABILITIES OF RUSSELLVILLE)
#1 WATER DISTRICT TO THE SOUTH LOGAN WATER)
ASSOCIATION, INC., WITH SAID SOUTH LOGAN WATER)
ASSOCIATION, INC., TO ASSUME THE OUTSTANDING)
INDEBTEDNESS OWED BY AND RECEIVE ASSETS OF)
OF RUSSELLVILLE #1 WATER DISTRICT AND AUTHOR-)
IZING THE FORMER CUSTOMERS OF RUSSELLVILLE #1)
WATER DISTRICT BE CHARGED THE RATES CHARGED BY)
SOUTH LOGAN WATER ASSOCIATION, INC.)

CASE NO. 8657

O R D E R

On September 22, 1982, the Russellville #1 Water District of Logan County ("Russellville") and the South Logan Water Association, Inc., of Logan County ("South Logan") filed a petition for merger of Russellville into South Logan. The petition also requested approval of the transfer of Russellville's assets to South Logan and a standardization of rates between the two utilities.

Both Russellville and South Logan are located in Logan County. In Case No. 6618 this Commission authorized the joint use of certain facilities by the utilities. Because of the small size of Russellville and its circumscription by South Logan, consolidation of the two utilities should result in certain economies of scale.

Based on the record, the Commission has determined that the merger of Russellville and South Logan will tend to eliminate duplication of costs and result in a more businesslike management. This will produce greater economies and a higher degree of service to the public. Russellville and South Logan proposed to charge customers of both utilities the rates and charges currently charged by South Logan.

A review of the financial condition of the two utilities indicates that each is financially sound. The rates currently being charged are producing revenue sufficient to service the debts, pay operating expenses and provide for future growth. Because of the stable financial condition of each utility, a restructuring of the rates is unnecessary at this time. The Commission's regulation 807 KAR 5:011(10) requires the acquiring utility to adopt the rates, regulations and classifications of the acquired utility. There is no evidence in the record to indicate a need to waive this regulation.

IT IS THEREFORE ORDERED that:

(1) Russellville #1 Water District is authorized to merge into South Logan Water Association, Inc.;

(2) The assets and liabilities of Russellville are to be transferred to and assumed by South Logan;

(3) The rates of the present Russellville customers shall remain as stated in its current tariff and the rates of the present South Logan customers shall remain as stated in its current tariff;

(4) Each utility shall be responsible for filing its own annual report with the Commission for the portion of 1982 prior to the consummation of the merger;

(5) Appropriate journal entries shall be submitted to the Commission within 30 days of the consummation of the merger;


(6) South Logan shall within 30 days from the date of this Order file tariff sheets adopting the rates and charges of Russellville for the customers presently served by Russellville.

Done at Frankfort, Kentucky, this 30th day of November, 1982.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary