

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

JOINT APPLICATION OF SHALLOW CREEK)
SANITATION CORP. FOR AUTHORITY TO)
TRANSFER THE ASSETS OF SHALLOW)
CREEK SEWER SYSTEM AND SHALLOW)
CREEK UTILITIES, INC. FOR AUTHORITY) CASE NO. 9363
TO ACQUIRE AND OPERATE THESE ASSETS)
IN JEFFERSON COUNTY, KY.: FOR SHALLOW)
CREEK UTILITIES, INC. TO BORROW THE)
NECESSARY FUNDS TO FINANCE THE PUR-)
CHASE OF THE SEWER SYSTEM)

O R D E R

IT IS ORDERED that Shallow Creek Sanitation Corp. ("Shallow Sanitation") and Shallow Creek Utilities, Inc. ("Shallow Utilities") shall file an original and 7 copies of the following information with this Commission, with a copy to all parties of record, within 2 weeks of the date of this Order. Shallow Sanitation and Shallow Utilities shall be jointly responsible for the responses to this Order. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. With reference to Exhibit A, Assets Purchase Agreement, page 2, it states therein that the purchase price shall be \$50,000. With reference to the 1984 Annual Report, page 2, line 7, the 1984 end-of-year net utility plant balance is \$333,549 and page 3, line 49 Contributions in Aid of Construction balance is \$330,571. Provide the details regarding the benefits of the transfer in excess of book cost less contributions. Also, provide a statement as to the proposed rate-making treatment of the plant

acquisition adjustment to be recorded as a result of this transfer in excess of book value.

2. Provide accounting entries to record the appropriate acquisition adjustment based upon purchase price and the balance sheet referred to in Question #11.

3. Who is currently operating the system?

4. On what date did the current operator begin operating the system?

5. Provide a statement showing the original cost of the plant, estimated if not known. Provide an explanation of the basis for any estimates used in the statement.

6. Provide a statement setting forth the reasons for the sale and transfer.

7. Provide a statement setting forth the improvements expected due to the sale and transfer.

8. Provide a statement explaining how the purchase price was determined.

9. Provide statements indicating the approval of the transfer by any creditors having liens on the assets of seller.

10. Provide copies of any feasibility or other studies performed to determine that the purchase is economically feasible.

11. Provide the proposed journal entries on the books of both the purchaser and the seller that will reflect the sale and transfer.

12. Provide a current balance sheet for the acquired utility.

13. Provide a statement showing projected annual revenues and expenses of the utility under the new ownership including a detailed explanation of how the projected annual revenue and expenses were determined.

14. Provide a statement setting forth the complete details of proposed operating changes under the new ownership, including changes in management.

15. Provide copies of any operational, material or service contracts to be placed into effect upon acquisition of the utility by the purchaser.

16. Provide a statement setting forth any financial resources available to the purchaser other than those contained in the financial statements.

17. Provide a statement setting forth any anticipated change in rates within the next 12 months.

18. Provide a map or plat of area served.

Done at Frankfort, Kentucky, this 7th day of August, 1985.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary