

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF BLUELICK SEWER)
CORP. FOR AUTHORITY TO TRANSFER THE)
ASSETS OF BLUELICK SEWER SYSTEM AND) CASE NO. 9367
BULLITT UTILITIES, INC. FOR AUTHORITY)
TO ACQUIRE AND OPERATE THESE ASSETS)
IN BULLITT COUNTY, KY.)

O R D E R

On June 13, 1985, Bluelick Sewer Corporation and Bullitt Utilities, Inc., filed a joint petition with the Commission for approval of the transfer of certain sewer treatment system. The facility is located in Bullitt County, Kentucky, and serves the sewer system known as the Bluelick Sewer System.

No motions to intervene in this matter were filed nor were there any requests for a public hearing.

After review of the record the Commission finds that the purchaser is ready, willing and able to assume ownership of the treatment plant. Because the purchaser owns and operates other similar treatment facilities, it will be able to maintain the quality of service necessary to comply with the requirements of the Commission.

IT IS THEREFORE ORDERED that:

1. The joint petition for transfer of Bluelick Sewer Corporation to Bullitt Utilities, Inc., is approved.

2. Bullitt Utilities, Inc., shall maintain its books of account in accordance with the Uniform System of Accounts for Sewer Utilities prescribed by the Commission.

3. It shall record the utility plant acquired at its original cost to the person first devoting it to public service, estimated if not known, in the appropriate utility plant and service accounts.

4. It shall credit the requirements for accumulated provision for depreciation and amortization applicable to the original cost of the properties acquired to the appropriate account for accumulated provision for depreciation and amortization.

5. It shall transfer the cost of any non-utility property to Account No. 121 - Non-Utility Property.

6. It shall credit contributions in aid of construction, estimated if not known, to Account No. 271 - Contributions in Aid of Construction.

7. It shall include in Account No. 108 - Utility Plant Acquisition Adjustment - any difference between the purchase price and the original cost of the utility plant and non-utility property less the amounts credited to accumulated depreciation and amortization reserves and contributions in aid of construction.

8. In its next rate case, Bullitt Utilities will have the burden of proof for demonstrating why interest charges on debt that exceed those charges which would have been necessary to finance the original cost of plant in service excluding any acquisition adjustment less accumulated depreciation and

contributions in aid of construction should be allowed for rate-making purposes. It will also have the burden of proof for demonstrating why a return on equity or amortization of an acquisition adjustment that resulted from this transaction should be allowed for rate-making purposes.

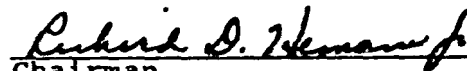
9. Bluelick Sewer Corporation shall issue, file and post its adoption notice and tariff in accordance with 807 KAR 5:011, Section 11.

10. Bluelick shall file all appropriate Journal entries related to the Transfer.

11. Bluelick Sewer Corporation shall file an Annual Report for that portion of 1986 which it operated the system.

Done at Frankfort, Kentucky, this 28th day of May, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary