

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF MAVO, INC. )  
D/B/A BRIGHTLEAF SEWAGE TREATMENT PLANT )  
AND MERRICK DEVELOPMENT COMPANY, INC., ) CASE NO. 9663  
FOR AUTHORITY TO TRANSFER AND ACQUIRE )  
THE ASSETS OF BRIGHTLEAF SEWAGE )  
TREATMENT PLANT )

O R D E R

On July 23, 1986, Mavo, Inc., d/b/a Brightleaf Sewage Treatment Plant ("Mavo") and Merrick Development Company, Inc., ("Merrick") filed a joint application for approval to transfer the assets of Mavo to Merrick, a Kentucky corporation. The terms of the transfer were set forth in a Contract for Sale entered into by both parties on April 24, 1986.

The Commission has reviewed the Contract for Sale as well as the financial, technical, and managerial abilities of Merrick and is of the opinion that Merrick is ready, willing, and able to own and operate the sewage treatment facilities of Mavo. Merrick currently employs personnel and has access to equipment which will enable it to adequately operate and maintain the system.

Thus, the Commission should approve the transfer of Mavo's assets to Merrick.

IT IS THEREFORE ORDERED that:

1. The transfer of assets of Mavo to Merrick be and it hereby is approved.

2. Mavo shall have the responsibility of filing with the Public Service Commission an Annual Report for the portion of 1986 in which it operated the system.

3. Merrick shall have the responsibility of filing with the Public Service Commission an Annual Report for that portion of 1986 in which it operates the system.

4. Merrick shall keep records for the sewage treatment plant in accordance with the Uniform System of Accounts.

5. Merrick shall file an adoption notice adopting, ratifying and making its own all rates, rules and regulations of Mavo which are effective and on file with the Commission at the time of change of ownership.


6. Merrick shall file its tariff within 10 days from the date of the adoption notice.

7. In its next rate case, Merrick 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.

Done at Frankfort, Kentucky, this 14th day of November, 1986.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Executive Director