

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF B.L.S.T., INC., FOR)
AUTHORITY TO ACQUIRE AND OPERATE THE)
SEWAGE TREATMENT PLANT OPERATED BY) CASE NO. 9927
MERRICK DEVELOPMENT, INC., IN MERCER)
COUNTY, KENTUCKY)

O R D E R

On April 30, 1987, B.L.S.T., Inc., ("B.L.S.T.") filed a request for Commission approval of its purchase of certain public utility assets of Merrick Development, Inc., ("Merrick") located in Mercer County, Kentucky. Additionally, B.L.S.T. requested authority to increase rates for customers of B.L.S.T. and those customers to be acquired after the purchase of Merrick. On May 8, 1987, pursuant to 807 KAR 5:001, Section 2(2), the rate increase portion of the application was rejected by the Commission's executive director. Only the request for permission to acquire Merrick remains.

The Commission has reviewed the contract for sale of certain assets of Merrick Development to B.L.S.T., as well as the financial, technical and managerial abilities of B.L.S.T., and is of the opinion that B.L.S.T. is ready, willing, and able to own and operate the subject sewage treatment facilities of Merrick. B.L.S.T. currently employs personnel and has access to equipment which will enable it to adequately operate and maintain the system.

Therefore, the Commission should approve the transfer of Merrick's previously described utility assets to B.L.S.T.

IT IS THEREFORE ORDERED that:

1. The transfer of assets from Merrick to B.L.S.T. be and it hereby is approved.

2. Merrick Development shall file with the Commission an annual report for the portion of 1987 in which it operated the system within 30 days of the date the transfer of assets takes place.

3. B.L.S.T. shall have the responsibility of filing with the Commission an annual report for that portion of 1987 in which it operates the system by March 30, 1988.

4. B.L.S.T. shall keep records for the sewage treatment plant in accordance with the uniform system of accounts for sewer utilities as prescribed by the Commission.

5. B.L.S.T. shall file an adoption notice, adopting, ratifying, and making its own all rates, rules, and regulations of Merrick which are effective and on file with the Commission within 30 days of the date the transfer of assets takes place.

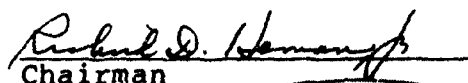
6. B.L.S.T. shall file its tariff within 10 days from the date of adoption notice.

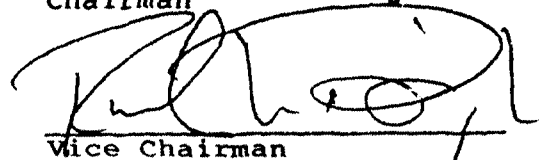
7. In its next rate case, B.L.S.T. shall have the burden of proof for demonstrating why interest charges on debt that exceed those charges which would have been necessary to finance the original cost of plant in service, excluding any acquisition adjustment less accumulated depreciation and contributions in aid of construction, should be allowed for rate-making purposes.

8. B.L.S.T. 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 2nd day of October, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

INTRA AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION
FARM TAP INSPECTION REPORT

DATE 8/31/87NAME OF CUSTOMER: Randy MooreADDRESS: Rt. 5Louisa, Kentucky 41230COMPANY: Balden Gas CompanyTYPE OF INSPECTION: FinalPLASTIC PIPE DEVIATION NA CASE # CONSTRUCTION Self CO. REFERENCE #

REPORT: "THE UNDERSIGNED HAS INSPECTED THE CONSTRUCTION OF SERVICE LINES DESIGNED TO PROVIDE NATURAL GAS SERVICE TO THE CUSTOMER(S) NOTED ABOVE IN ACCORDANCE WITH 807 KAR 5:026, SECTION 3, SUBSECTION 4. THE INSPECTION(S) INDICATED THAT THE CONSTRUCTION HAS BEEN COMPLETED IN ACCORDANCE WITH THE KENTUCKY PUBLIC SERVICE COMMISSION REGULATIONS 807 KAR 5:026, GAS SECTION: SERVICE LINES AND HAS BEEN APPROVED FOR NATURAL GAS SERVICES."

INSPECTOR: *Jack Strub*

Randy G. Moore
P.O. Box 240
Louisville, KY 40230

FILED

JUL 23 1987

PUBLIC SERVICE
COMMISSION

Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

Case No. ~~10,007~~
10,007

Dear Sirs:

I am currently a customer of the Baiden Gas Company located on the northern end of Martin County, Kentucky. On July 20, 1987, your office held a public hearing on the requirements upon which a connection to any gas system can be made. At this public meeting, it was made clear that a deviation from KRS regulations would be considered by your regulatory agency upon receiving a written request, and an inspection by your field inspectors showed no compromise of safety.

My request is to deviate from the regulation named KRS 278.485(3) Section 5, Item (b). It states that all metering devices shall be as near to the gathering line as practical, in accordance with safe and accepted operating practices.

Before your agency became directly involved (with the many customers on this system, my metering device was located approximately 200' from the gathering line. It's location was at the foot of a steep hill, and is approximately 60' from my home. The line from the meter is 1" steel, and is buried underneath the surface of the ground. To move the metering devices and the regulators would require a considerable amount of work, and would require trenching methods by hand. All of this work would take me past the July 31 deadline imposed by the gas company.

I feel that no compromises in safety have been made in leaving this part of the system intact, and furthermore, I don't feel that Baiden Gas has any objections to it's location due to: (1) It's been in that location for 11 years and (2) the relative ease in reading the meter.

The system has been renovated to KRS specs except for this request. Please send an inspector as soon as possible to view this request since I do not want to have my gas service disconnected.

I thank you in advance for your assistance.

Sincerely,

Randy Moore

Randy G. Moore
Baiden Gas Consumer

Not
deviation