

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION INTO THE ALLEGED)	
UNAUTHORIZED TRANSFER OF STOCK AND)	
OWNERSHIP OF B.L.S.T., INC. FROM)	CASE NO.
JERRY L. TYLER TO MIKE AND TIM)	90-266
MONTGOMERY AND ALLEGED DEFICIENCIES)	
IN THE SYSTEM)	

O R D E R

B.L.S.T., Inc. ("B.L.S.T.") is a sewage treatment facility within the Commission's jurisdiction. The Commission has information indicating that B.L.S.T. may have been transferred without prior Commission approval as required by KRS 278.020. On February 21, 1990, Commission Staff received a letter from Jerry L. Tyler advising that Tyler was in the process of transferring the stock and ownership of B.L.S.T. to Mike and Tim Montgomery of Danville, Kentucky. Tyler also stated that the Montgomerys were prepared to make necessary corrections as soon as the transfer was completed. The February 21, 1990 letter is attached hereto and incorporated herein as Exhibit 1. By letter dated March 8, 1990, the Commission's Executive Director advised Tyler and Montgomery that Kentucky law requires that all persons seek Commission approval prior to transferring any ownership or stock in a utility. Also, the letter advised that an application must be filed prior to finalizing the transfer. The March 8, 1990 letter is attached hereto and incorporated herein as Exhibit 2.

On April 10, 1990, Commission Staff sent to Tyler a copy of an inspection report of the B.L.S.T. sewage facilities requiring a written response by May 14, 1990, which outlined a correction schedule and the related cost of each improvement. This utility inspection report is attached hereto and incorporated herein as Exhibit 3. The following deficiencies were noted:

1. The bar screen needs to be kept clean to avoid violation of 807 KAR 5:071, Section 7(1).

2. The diffusers need to be inspected and repaired or replaced as necessary to avoid violation of 807 KAR 5:071, Section 7(1).

3. The chlorine contact basin needs to be cleaned of sludge to avoid violation of 807 KAR 5:071, Section 7(1).

4. The skimmers need to be made operational to avoid violation of 807 KAR 5:071, Section 7(1).

5. The plant is currently being operated without a comminutor. As long as the plant can be operated satisfactorily and produce an acceptable effluent the Commission may not require the use of a comminutor. However, the utility must monitor plant operations and immediately install a functioning comminutor should conditions warrant to avoid violation of 807 KAR 5:071, Section 7(1).

6. The thick scum blanket on the surface of the clarifier needs to be removed to avoid violation of 807 KAR 5:071, Section 7(1).

7. A leak in the effluent line approximately 2 feet from where it leaves the aeration tank needs to be repaired to avoid violation of 807 KAR 5:071, Section 7(1).

8. The scum behind the baffle in the clarifier needs to be removed to avoid violation of 807 KAR 5:071, Section 7(1).

On May 11, 1990, Commission Staff received a letter from Tyler again advising that he was in the process of transferring the facility to Mike and Tim Montgomery and that the Montgomerys would be making the improvements to the treatment plant. The May 11, 1990 letter is attached hereto and incorporated herein as Exhibit 4. By letter dated May 25, 1990, the Commission's Executive Director advised Tyler that his response did not contain the required information and is not acceptable. Also, the letter advised that until any transfer of the sewage facility is approved by the Commission and is finalized, Tyler would be held responsible for necessary corrective action. Further, the letter advised that unless a response was received by June 19, 1990, it may be necessary to initiate penalty proceedings against Tyler pursuant to KRS 278.990. The May 25, 1990 letter is attached hereto and incorporated herein as Exhibit 5. As of the date of this Order, no such response has been received by the Commission.

The Commission, having reviewed this correspondence and being otherwise sufficiently advised, HEREBY ORDERS that:

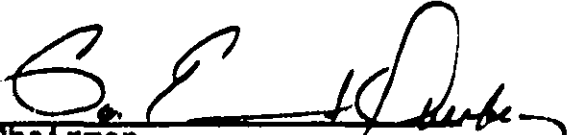
1. Tyler and the Montgomerys shall file within 20 days from the date of this Order a statement describing the current

status of negotiations for transfer of B.L.S.T. and a plan for the correction of deficiencies noted herein from the April 5, 1990 inspection report.


2. If the stock and ownership of B.L.S.T. have already been transferred, then Tyler and the Montgomerys shall file comments within 20 days of the date of this Order showing cause why they should not be penalized pursuant to KRS 278.990 for transferring the sewage facility without prior Commission approval as required by KRS 278.020.

Done at Frankfort, Kentucky, this 18th day of September, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

RECEIVED

FEB 21 1990

DIVISION OF UTILITY
ENGINEERING & SERVICES

February 20, 1990

Edite A. Smith
Public Service Commission
P. O. Box 615
Frankfort, Kentucky 40602

Re: B.L.S.T., Inc.

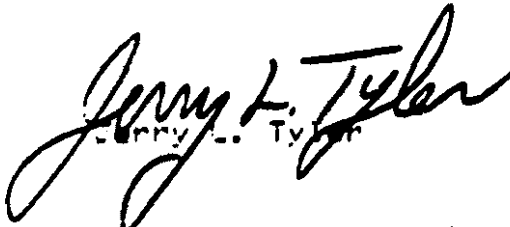
Dear Mr. Smith:

This letter is to inform you that I am in the process of transferring stock and ownership of B.L.S.T., Inc. to Edie and Tim Montgomery of Danville. They are prepared to make the necessary connections to the treatment plant as soon as the transaction is completed. Please address all correspondence to:

Mr. Tim Montgomery
209 South Main Street
Danville, Kentucky 40422

If you can be of any further assistance to you, please do not hesitate to contact me.

Very truly yours,


Jerry L. Tyler

JLT/mb
cc: Tim Montgomery

EXHIBIT 1



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
710 SCHENCK LAM
POST OFFICE BOX 615
FRANKFORT, KY 40602
(502) 564-1940

March 8, 1990

Mr. Jerry L. Tyler
B.L.S.T., Inc.
1680 Danville Road
Harrodsburg, Kentucky 40330

Mr. Tim Montgomery
209 South Main Street
Danville, Kentucky 40422

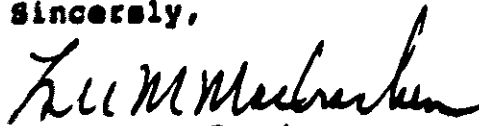
Re: B.L.S.T., Inc.

Dear Messrs. Tyler and Montgomery:

This letter is written in response to Mr. Tyler's letter to the Public Service Commission dated February 20, 1990 which informs the Commission that Mr. Tyler is in the process of transferring stock and ownership of B.L.S.T. to Mr. Montgomery. The purpose of this letter is to advise you that Kentucky law, KRS 278.020(4) and (5), requires that all persons seek Commission approval prior to transferring any ownership or stock in any utility. Therefore, you must file an application with the Commission seeking this approval prior to finalizing the transfer of stock and ownership. This application may be filed as a joint application if you desire. Attached is a list that will advise you of what information should be included in your application. Please file an application with the Commission within 20 days of the date of this letter or, in the alternative, advise the Commission in writing that the transfer of stock and ownership is not at this time taking place.

If we can be of any further assistance, please do not hesitate to contact me.

Sincerely,


Lee M. MacCracken
Executive Director

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Attachment



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

April 10, 1990

Mr. Jerry Tyler
B.L.S.T., Inc.
1680 Danville Road
Harrodsburg, KY 40330

Dear Mr. Tyler:

On April 5, 1990, B.L.S.T., Inc., sewage facilities were inspected for compliance with KRS 278 and Commission regulations. A report on this inspection has been prepared, and a copy is enclosed for your review. The recommended improvements included in this report are necessary to bring your facilities into compliance with Commission regulations.

Please respond to this Report by May 14, 1990, outlining a correction schedule and the related cost of each improvement. If you require any clarification on the recommended improvements, please contact Larry N. Updike at (502) 564-7590 on this matter.

Sincerely,

A handwritten signature in cursive script that reads "Eddie B. Smith".

Eddie B. Smith, Manager
Water & Sewer Branch
Division of Utility Engineering
& Services

EBS:LNU:aem
Enclosure

Commonwealth of Kentucky
Public Service Commission

UTILITY INSPECTION REPORT

B.L.S.T., Inc.
Mercer County, Kentucky

Utility operations, utility maintenance, utility management and their impact on utility services and operating costs are a primary concern of the Commission and this Division. Our ongoing inspection program is to determine if the utility is in compliance with Kentucky Revised Statutes (KRS Chapter 278), Public Service Commission (PSC) Regulations (807 KAR) and that adequate, efficient and reasonable service is being provided.

Daily maintenance, daily operations and good operating records are essential in the operation of an efficient utility. Our inspections are intended to determine if the utility is in compliance with PSC regulations in these areas.

On April 5, 1990, B.L.S.T., Inc., sewage treatment system was inspected for compliance with KRS Chapter 278 and PSC regulations (807 KAR). This utility consists of 2 wastewater treatment plants and a collection system. This system is located in Mercer County and has approximately 148 customers. No person representing the utility was present during the inspection.

The improvements or corrections necessary to bring this facility into compliance with KRS Chapter 278 and PSC regulations (807 KAR) are as follows:

Deficiencies Common to Both Plants

1. The bar screen needs to be kept clean. (807 KAR 5:071, Section 7, 1)
2. The diffusers need to be inspected and repaired or replaced as necessary. (807 KAR 5:071, Section 7, 1)
3. The chlorine contact basin needs to be cleaned of sludge. (807 KAR 5:071, Section 7, 1)
4. The skimmers need to be made operational. (807 KAR 5:071, Section 7, 1)
5. The woven wire fence installed during the expansion needs to be replaced by a chain link fence to match the existing fence around the old system. (807 KAR 5:071, Section 7, 1)
6. The plant is currently being operated without a comminutor. As long as the plant can be operated satisfactorily and produce an acceptable effluent the Commission may not require the use of a comminutor. However, the utility must monitor plant operations and immediately install a functioning comminutor should conditions warrant. (807 KAR 5:071, Section 7, 1)

Large Plant

1. The thick scum blanket on the surface of the clarifier needs to be removed. (807 KAR 5:071, Section 7, 1)
2. A leak in the effluent line approximately 2 feet from where it leaves the aeration tank needs to be repaired. (807 KAR 5:071, Section 7, 1)

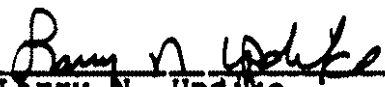
Small Plant

1. The scum behind the baffle in the clarifier needs to be removed. (807 KAR 5:071, Section 7, 1)

Recommendations

The repair or correction of the deficiencies listed above is necessary in order to restore this facility to an acceptable operating condition. The pertinent section of the Kentucky Administrative Regulations has been listed by each deficiency for your convenience. A written response should be prepared and forwarded to the Commission by May 14, 1990, outlining a correction schedule stating what has been completed or what will be done to correct each deficiency and the related cost of each correction. A starting date and a completion date should be given for corrections that are to be completed after the date this response is mailed.

Submitted,
April 10, 1990


Larry N. Updike
Utility Investigator

EBB

May 7, 1990

RECEIVED

MAY 11 1990

OFFICE OF THE
ENCL. 20000

Mr. Eddie B. Smith
Public Service Commission
Water & Sewer Branch
P. O. Box 618
Frankfort, Kentucky 40602

Dear Mr. Smith:

I am in receipt of your April 10 letter to me regarding the B.L.S.T., Inc. inspection and report as to compliance with the recommended improvements. I am currently in the process of transferring this facility to Mike and Tim Montgomery. They will be making the recommended improvements to the treatment plant, so I feel they need to submit the report to you. You may contact them at:

Timothy R. Montgomery
309 West Main Street
Danville, Kentucky 40422

(606) 256-2442

I have forwarded a copy of your letter and the Utility Inspection Report on to them. If I can be of any further assistance to you in this matter, please do not hesitate to call on me.

Sincerely,

Jerry L. Tyler
Jerry L. Tyler

cc: Tim Montgomery

EXHIBIT 4



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
700 SHELBY AVENUE
POST OFFICE BOX 577
FRANKFORT, KY 40602
(502) 564-1440

May 25, 1990

Mr. Jerry L. Tyler
B.L.S.T., Inc.
1680 Danville Road
Harrodsburg, Kentucky 40330

Dear Mr. Tyler:

A request was sent on April 10, 1990, asking you to respond to the Commission's 1990 inspection report by May 14, 1990. The response was to outline a correction schedule and the related cost of each improvement. Your response dated May 9, 1990, did not contain the required information and it is not acceptable. Your letter references the transfer of your facility to Timothy R. Montgomery. I am attaching a copy of the letter previously sent you on March 8, 1990 informing you that all transfers must get prior Commission approval. Until any transfer is approved by the Commission and is finalized you will be held responsible for necessary corrective action.

If the requested response is not received by June 8, 1990, it may be necessary to initiate penalty proceedings against you pursuant to KRS 278.990. If you require any clarification, please contact Larry N. Updike at (502) 564-7590.

Sincerely,

Lee M. MacCracken
Executive Director

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Attachment

cc: Timothy Montgomery