

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE LEXINGTON-FAYETTE)	
URBAN COUNTY GOVERNMENT TO PROVIDE SEWER)	
SERVICE TO RESIDENTS FORMERLY BY THE)	CASE NO. 90-326
MONTICELLO COMPANY, INC. AND SOUTH)	
ELKHORN SERVICE COMPANY)	

O R D E R

On October 23, 1990, the Lexington-Fayette Urban County Government ("LFUCG") applied for approval of the transfer of Monticello Company, Inc.'s ("Monticello") and South Elkhorn Service Company, Inc.'s ("South Elkhorn") obligation to provide sanitary sewer service to LFUCG.

Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Monticello owns and operates a subdivision sewage treatment facility plant serving approximately 592 customers for compensation in Fayette County, Kentucky and is therefore a "utility" as defined by KRS 278.010(3)(f).

2. South Elkhorn owns and operates a subdivision sewage treatment facility serving approximately 1,893 customers for compensation in Fayette County, Kentucky and is therefore a "utility" as defined by KRS 278.010(3)(f).

3. LFUCG is a political subdivision of the Commonwealth of Kentucky created pursuant to KRS Chapter 67A. It owns and

operates a comprehensive sewer system which provides sanitary sewer service to the Lexington-Fayette County area.

4. On September 1, 1989, the Kentucky Natural Resources and Environmental Protection Cabinet commenced legal action against Monticello and South Elkhorn seeking, inter alia, a permanent injunction requiring both utilities to correct their sewage flows into LFUCG's comprehensive sewer system. Commonwealth v. Monticello Company, Inc., No. 89-CI-1317 (Franklin Cir. Ct.); Commonwealth v. South Elkhorn Service Co., No. 89-CI-1318 (Franklin Cir. Ct.).

5. On July 19, 1990, a Franklin Circuit Court issued a permanent injunction mandating that Monticello and South Elkhorn connect their sewage treatment plants to LFUCG's sewer system. Commonwealth v. Monticello Co., No. 89-CI-1317 (Franklin Cir. Ct. July 19, 1990).

6. On October 1, 1990, Monticello and South Elkhorn diverted the sewage flows from their sewage treatment plants into LFUCG's sewer system.

7. LFUCG has agreed to accept all sewage from the area previously served by Monticello and South Elkhorn and to install and maintain such sewer lines as necessary to provide sewer service.

8. No assets of Monticello or South Elkhorn have been transferred to LFUCG.

9. KRS 278.020 and KRS 278.040 require Commission approval of the transfer of the obligation to provide sanitary sewer service from Monticello and South Elkhorn to LFUCG.


10. As of June 30, 1989, LFUCG sanitary sewer system had total assets of \$184,404,824 and total debt of \$37,580,431.

11. LFUCG has the financial, managerial, and technical abilities to provide reasonable utility service to the persons previously served by Monticello and South Elkhorn.

IT IS THEREFORE ORDERED that the transfer from Monticello and South Elkhorn to LFUCG of their obligation to provide sanitary sewer service is approved.

Done at Frankfort, Kentucky, this 21st day of December, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director