

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF REIDLAND WATER AND)
SEWER DISTRICT FOR APPROVAL OF THE)
ACQUISITION OF WASTEWATER TREATMENT) CASE NO. 92-473
FACILITIES IN THE GREEN ACRES)
SUBDIVISION AND FIELDMONT ESTATES)
SUBDIVISION)

O R D E R

On November 6, 1992, Reidland Water and Sewer District ("Reidland") applied for Commission approval of its acquisition of the Green Acres Subdivision and Fieldmont Estates Subdivision wastewater treatment facilities from Purchase Public Service Corporation ("Purchase Public"). Reidland also requested an exemption from Commission Regulation 807 KAR 5:011, Section 11, and Commission authorization to assess its present rates to the newly acquired customers.

Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. Purchase Public currently owns the Green Acres Subdivision and Fieldmont Estates Subdivision wastewater treatment facilities which are located in McCracken County, Kentucky.

2. By contract dated September 10, 1992, Purchase Public agreed to convey ownership of the Green Acres Subdivision and Fieldmont Estates Subdivision wastewater treatment plants to Reidland.

3. Reidland is a water and sewer district organized pursuant to KRS Chapter 74 to serve the Reidland Community of McCracken County, Kentucky.

4. As of December 31, 1991, Reidland had total assets of \$1,537,627 and total liabilities of \$654,511.¹

5. Since 1966, Reidland has owned and operated a 300,000 gallon wastewater treatment plant in McCracken County, Kentucky. This plant currently serves approximately 1220 customers.

6. Reidland employs individuals who are certified as wastewater system operators by the Kentucky Board of Certification of Wastewater System Operators.

7. Upon the transfer of the wastewater treatment facilities, Reidland intends to extend sewer collection lines from its own wastewater treatment plant to the customers presently served by the Green Acres Subdivision and Fieldmont Estates wastewater treatment facilities. The Commission has issued a certificate of public convenience and necessary for this extension.² The Natural Resources and Environmental Protection Cabinet has approved the construction plans and specifications for the proposed extension.³

¹ Annual Report of Reidland Sewer District to the Public Service Commission of Kentucky for the Year Ended December 31, 1991.

² Case No. 92-241, The Application of Reidland Water and Sewer District For a Certificate of Convenience and Necessity and Authorization to Borrow Funds and For Authority to Adjust Rates, Order dated July 13, 1992.

³ Letter from William B. Gatewood, Manager, Facilities Construction Branch, Division of Water, to William L. Sims, Chairman, Reidland Water and Sewer District (March 5, 1992).

8. Reidland, as a water and sewer district organized under the provisions of KRS Chapter 74, is a political subdivision of the Commonwealth. Louisville Extension Water District v. Diehl Pump & Supply Co., Inc., Ky., 246 S.W.2d 585 (1952).

9. In view of its financial assets and its status as a political subdivision of the Commonwealth, Reidland has sufficient financial integrity to ensure the continuity of sewage service. A copy of a valid third-party beneficiary agreement guaranteeing the continued operation of the proposed sewage treatment system is therefore not required. 807 KAR 5:001, Section 3(1)(a).

10. Reidland has the financial, technical, and managerial abilities to provide reasonable utility service to the residents of Green Acres and Fieldmont Estates Subdivisions.

11. Reidland's present rates reflect the proposed acquisition of the Green Acres Subdivision and Fieldmont Estates Subdivision wastewater treatment plants and the cost to serving their customers. These rates are lower than those which Purchase Public presently charges. Accordingly, upon completion of the proposed transfer, Reidland should not be required to adopt Purchase Public's existing rates, but should be authorized to charge its present rates to its newly acquired customers.

IT IS THEREFORE ORDERED that:

1. The proposed transfer is approved.
2. Reidland's request for a deviation from 807 KAR 5:011, Section 11, is granted.

3. Upon completion of the proposed acquisition, Reidland is authorized to charge its present rates to those customers currently served by the Green Acres Subdivision and Fieldmont Estates Subdivision wastewater treatment plants.

4. Reidland shall notify the Commission in writing of the proposed acquisition's completion within 20 days of that event.

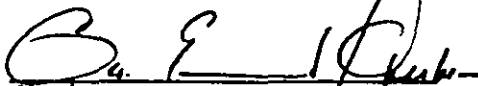
5. Should the utilities subsequently agree not to complete the proposed transfer or either utility refuses to complete the proposed transfer, Reidland shall immediately notify the Commission in writing of that event.

6. Reidland shall file journal entries reflecting its accounting of the transfer within 20 days of the date of this Order. The transfer shall be recorded on the books of Reidland in accordance with the Uniform System of Accounts for Sewer Utilities as prescribed by the Commission.

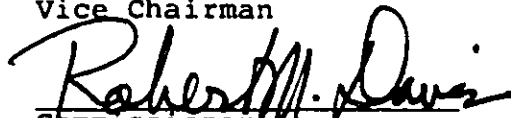
7. Within 20 days of the completion of the proposed acquisition, Reidland shall file with the Commission a revised tariff reflecting its new service area.

Done at Frankfort, Kentucky, this 18th day of December, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director