

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST PENDLETON COUNTY)
WATER DISTRICT FOR THE PURCHASE OF OAK) CASE NO. 93-447
HAVEN ESTATES WATER AND SEWER DISTRICT)

O R D E R

On January 12, 1994, East Pendleton County Water District ("East Pendleton") completed its filing of an application for approval to purchase the assets of Oak Haven Water and Sewer System Inc. ("Oak Haven"). The terms of the proposed purchase are set forth in the purchase agreement, a copy of which is filed as an exhibit to the application.

After reviewing the application and being otherwise sufficiently advised, the Commission finds as follows:

1. East Pendleton is a water district formed in accordance with KRS Chapter 74 which provides water service for compensation to the public and is a utility under the Commission's jurisdiction.¹

2. Oak Haven Water and Sewer System, Inc. is a Kentucky corporation organized pursuant to KRS Chapter 271 which provides

¹ Case No. 3960, In the Matter of the Application of East Pendleton County Water District for a Certificate of Public Convenience and Necessity (July 7, 1961).

water and sewer service to the public for compensation and is also a utility under the Commission's jurisdiction.²

3. KRS 278.020(4) requires persons under the jurisdiction of the Commission to obtain approval prior to the acquisition or transfer of ownership or control of a utility. As East Pendleton County and Oak Haven are jurisdictional utilities, Commission approval is necessary for the proposed purchase of Oak Haven.

4. East Pendleton has been providing service to the public for more than 20 years and its application reflects that it has the financial, technical, and managerial abilities to provide reasonable service to the customers of Oak Haven. The acquisition of the assets of Oak Haven by East Pendleton is for a proper purpose consistent with the public interest and KRS 278.020(4) and should be approved.

5. East Pendleton's application indicates that financing for a period of ten years may be obtained, thus requiring Commission approval pursuant to KRS 278.300. As East Pendleton did not request approval for the proposed financing, it shall file an application in accordance with KRS 278.300 and applicable regulations prior to incurring the indebtedness.

IT IS THEREFORE ORDERED that:

1. The proposed purchase and transfer of water and sewer treatment facilities from Oak Haven to East Pendleton is approved.

² Case No. 5568, In the Matter of the Application of the Oak Haven Water and Sewer Company for a Certificate of Convenience and Necessity to Construct Water Facilities and to Establish a Retail Water Rate (October 20, 1971).

2. Within 10 days of the date of the transfer, East Pendleton shall file an executed adoption notice pursuant to 807 KAR 5:011, Section 11.


3. Within 30 days of the date of the transfer, East Pendleton shall file with the Commission the journal entries made to record the purchase (with separate entries for the water system and the sewer system). If it is necessary for a plant acquisition adjustment to be recorded as described in the Uniform System of Accounts, it shall be amortized over the remaining useful life of the purchased plant for accounting purposes.


4. Within 30 days of the date of the transfer, Oak Haven shall file with the Commission an annual report for both the water and sewer systems for that period of 1994 that it had ownership.

5. Within 10 days of completion of transfer, East Pendleton shall advise the Commission in writing of its completion or, in the alternative, shall advise the Commission if the transfer does not occur.

Done at Frankfort, Kentucky, this 2nd day of March, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director