

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF OLDHAM WOODS )  
LAND INVESTMENT, LLC, 2304 WILLOW REED )  
ROAD, LAGRANGE, KY 40031, TRANSFER OF ) CASE NO. 99-038  
OWNERSHIP RIGHTS IN OLDHAM WOODS )  
SANITATION, INC. )

ORDER

Oldham Woods Land Investment, LLC ( Oldham Woods ) has applied for Commission approval of its proposed acquisition of the stock of Oldham Woods Sanitation, Inc. ( Oldham Sanitation ) from the Estate of Anthony Milburn Walker. Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Oldham Sanitation is a Kentucky corporation that owns and operates a wastewater treatment facility that serves approximately 40 customers in Oldham County, Kentucky.
2. Oldham Sanitation s wastewater treatment facility is a gravity-fed lagoon treatment system with a maximum treatment capacity of 180,000 gallons of wastewater per day and is considered a Class I Wastewater System. See 401 KAR 5:010, Section 8.<sup>1</sup>

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<sup>1</sup> Annual Report of Oldham Woods Sanitation, Inc. to the Public Service Commission for the Year Ended December 31, 1997, at 11.

3. Oldham Sanitation's wastewater treatment facility was installed and placed into service in 1990.<sup>2</sup>

4. Anthony Milburn Walker ( Walker ) was the sole shareholder of Oldham Sanitation. Walker died intestate on October 21, 1995.

5. Oldham Woods is a Kentucky Limited Liability Company whose principal office is located in LaGrange, Kentucky.

6. George Clark Martin ( Martin ) is the sole shareholder of Oldham Woods.

7. On April 18, 1998, Martin executed a purchase agreement with the Estate of Anthony Milburn Walker ( Estate ) that provided, inter alia, for the purchase of all issued and outstanding stock in Oldham Sanitation for the Estate.

8. Martin has designated Oldham Woods to receive the stock of Oldham Sanitation upon its transfer from the Estate.

9. Oldham Sanitation currently employs a wastewater treatment plant operator who has been certified by the Kentucky Board of Certification of Wastewater System Operators to operate a Class III Wastewater System. After completion of the proposed transfer of stock to Oldham Woods, this operator will continue to operate Oldham Sanitation's wastewater treatment plant.

10. After the proposed stock transfer is completed, Martin will be responsible for the management of Oldham Sanitation's operations. Martin has an extensive background in the construction and operation of wastewater treatment plants.

11. After the proposed stock transfer is completed, no change in Oldham Sanitation's existing rates is currently planned.

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<sup>2</sup> Id.

12. Oldham Woods has proposed to place \$1,982<sup>3</sup> in an escrow account with Citizens Bank of Kentucky as evidence of its financial integrity to ensure the continuity of sewer service.

13. For the 1997 calendar year, Oldham Sanitation's total sewer operation and maintenance expenses were \$5,044.<sup>4</sup>

14. To ensure the continuity of sewer service upon the proposed stock transfer, Oldham Woods should be required to establish an escrow account with a banking institution and fund this account with an amount equal to one year's operation and maintenance expenses. This amount should be made available to a court-appointed receiver upon a finding that the wastewater treatment plant has been abandoned or is not operating in accordance with state and federal laws and regulations.

15. Oldham Woods has the financial, technical, and managerial abilities to provide reasonable service to those persons whom Oldham Sanitation currently serves.

IT IS THEREFORE ORDERED that:

1. The proposed stock transfer is approved subject to the conditions set forth in Ordering Paragraph 2.

2. Oldham Woods shall establish an escrow account with a banking institution and fund this account with an amount equal to one year's operation and maintenance expenses. The escrow agreement establishing this account shall provide that the escrowed funds will be made available to a court-appointed receiver upon a

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<sup>3</sup> According to Oldham Woods, this amount represents 4 months of Oldham Sanitation's operating expenses.

<sup>4</sup> Annual Report of Oldham Woods Sanitation, Inc. to the Public Service Commission for the Year Ended December 31, 1997, at 9.

finding that the wastewater treatment plant has been abandoned or is not operating in accordance with state and federal laws and regulations.

3. Within 60 days of completion of the proposed stock transfer, Oldham Woods shall advise the Commission of the transfer and shall provide the Commission with a copy of the agreement establishing the escrow account required herein.

Done at Frankfort, Kentucky, this 29<sup>th</sup> day of March, 1999.

By the Commission

ATTEST:

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Executive Director