

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PURCHASE AGREEMENT BY AND BETWEEN)	
OLDHAM COUNTY SANITATION DISTRICT AND)	
JAMES FRANK WETHINGTON, SOLE)	
SHAREHOLDER OF HEATHER HILL SEWER)	CASE NO. 2000-166
TREATMENT PLANT, INC., LAKEWOOD VALLEY)	
SEWER, INC. AND COUNTRY VILLAGE SEWER)	
COMPANY, INC.)	

ORDER

James Frank Wethington has applied for Commission approval of his proposed sale of the common stock of Country Village Sewer Co., Inc. ("Country Village"), Heather Hill Sewage Treatment Plant, Inc. ("Heather Hill"), and Lakewood Valley Sewer Co., Inc. ("Lakewood Valley"), to Oldham County Sanitation District ("Oldham District"). Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Country Village, a Kentucky corporation, owns and operates sewage treatment facilities in Oldham County, Kentucky that serve approximately 139 customers for compensation in the Country Village Subdivision of Oldham County, Kentucky.
2. Country Village's sewage treatment facilities consist of a sewage treatment plant with a maximum daily treatment capacity of 60,000 gallons.
3. Heather Hills, a Kentucky corporation, owns and operates sewage treatment facilities in Oldham County, Kentucky that serve approximately 156 customers for compensation in the Heather Hills Subdivision of Oldham County, Kentucky.

4. Heather Hills' sewage treatment facilities consist of a sewage treatment plant that has the capacity to handle the daily waste of 692 persons.

5. Lakewood Valley, a Kentucky corporation, owns and operates sewage treatment facilities in Oldham County, Kentucky that serve approximately 228 customers for compensation in the Lakewood Valley Subdivision of Oldham County, Kentucky.

6. Lakewood Valley's sewage treatment facilities consist of a sewage treatment plant with a maximum daily treatment capacity of 100,000 gallons.

7. Country Village, Heather Hills, and Lakewood Valley are not subject to regulation by a metropolitan sewer district.

8. Country Village, Heather Hills, and Lakewood Valley are utilities that are subject to Commission jurisdiction. KRS 278.010(3)(f).

9. James Frank Wethington is the sole shareholder of Country Village, Heather Hill, and Lakewood Valley.

10. On March 24, 2000, James Frank Wethington executed an agreement with Oldham District to convey all of the outstanding shares of Country Village, Heather Hills, and Lakewood Valley to Oldham District. Under the terms of this Agreement, Oldham District agrees to pay Wethington \$301,510 for these shares and to assume estimated additional liabilities of \$17,514.

11. The Agreement between James Frank Wethington and Oldham District further provides that Oldham District will pay a monthly retainer of \$500 to Wethington to provide professional consulting services for one year from the date of stock transfer.

12. Oldham District is a special district¹ created pursuant to KRS 67.715(2).²

13. Oldham District's territory includes all areas of Oldham County, Kentucky, exclusive of the cities of LaGrange and Crestwood.

14. On December 3, 1996, the Oldham County Judge/Executive, with the approval of Oldham County Fiscal Court, created Oldham District for the purposes "enumerated in KRS Chapter 220.030 which includes providing for the collection and disposal of sewage and other liquid wastes produced within the district; and incident to such purposes and to enable their accomplishment, to construct, with all appurtenances thereto, laterals, trunk sewers, intercepting sewers, siphons, pumping stations, treatment and disposal works, to maintain, operate and repair same, and do al [sic] other things necessary for the fulfillment of the purposes of KRS 220.010 to 220.520." Oldham County, Ky. Fiscal Court Ordinance No. 96-830-26 (Dec. 3, 1996) at 2.

15. Oldham County Fiscal Court granted to Oldham District "all powers and duties to reasonably, necessarily and effectively implement the provisions of and carry out the duties prescribed by KRS Chapter 220" and directed that Oldham District be "structured consistent with the provisions of KRS Chapter 220." Id. at 1-2.

16. As of June 30, 1999, Oldham District had total utility plant, including construction work in progress, of \$316,897.

¹ KRS 65.005(1)(a) defines a "special district" as "any agency, authority, or political subdivision of the state which exercises less than statewide jurisdiction and which is organized for the purpose of performing governmental or other prescribed functions within limited boundaries. It includes all political subdivisions of the state except a city, a county, or a school district."

² The county judge/executive or county judges/executive of multi-county districts may, with approval of the fiscal court or fiscal courts, create any special district or abolish or combine any special district, provided the district was created solely by the county judge/executive or county judges/executive or solely by one or more such fiscal courts.

17. As of June 30, 1999, Oldham District had total assets of \$627,376 and no liabilities.

18. For the year ended June 30, 1999, Oldham District had total revenues of \$624,218 and total expenditures of \$58,405. It had net income of \$565,813.

19. Oldham District operates wastewater treatment facilities and a wastewater collection system, pump station and force main in Oldham County, Kentucky.

20. Oldham District currently retains a registered professional engineer with extensive experience in wastewater treatment plant operation and design, and receives planning and management consultation from the Louisville and Jefferson County Metropolitan Sewer District ("MSD").

21. Oldham District has previously advised the Commission of its intent to secure services from MSD and private contractors to operate and maintain its wastewater treatment facilities.

22. Oldham District has the financial, technical, and managerial abilities to provide reasonable utility service to those persons that Country Village, Heather Hills, and Lakewood Valley currently serve.

23. The proposed transfer is in accordance with law, is for a proper purpose, and is consistent with the public interest.

24. For the reasons set forth in Covered Bridge Utilities, Case No. 99-496 (Ky. P.S.C. Mar. 13, 2000) at 4-6, the facilities currently owned by Country Village, Heather Hills, and Lakewood Valley will remain subject to Commission jurisdiction upon the stock transfer to Oldham District and any subsequent dissolution of those corporations.

IT IS THEREFORE ORDERED that:

1. The proposed transfer of control of Country Village, Heather Hills, and Lakewood Valley from James Frank Wethington to Oldham District is approved.
2. Within 10 days of completion of the proposed transfer of control, James Frank Wethington and Oldham District shall notify the Commission in writing of the completion of the transfer.
3. Within 10 days of completion of the transfer, Oldham District shall file with the Commission the journal entries used to record the purchase and identify the detailed plant accounts to which the assets are recorded.
4. Within 10 days of completion of the transfer, Oldham District shall file with the Commission an adoption notice, conforming to the requirements of Administrative Regulation 807 KAR 5:011, Section 15(6).
5. Should Oldham District dissolve Country Village, Heather Hills, or Lakewood Valley after the acquisition of their stock, it shall comply with the requirements of KRS 278.020(4) and (5) and Administrative Regulation 807 KAR 5:011, Sections 15(1), 15(4), and 15(5).

Done at Frankfort, Kentucky, this 9th day of June, 2000.

By the Commission

ATTEST:


Executive Director