

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TRANSFER OF PAR-TEE LLC WATER UTILITY	)	CASE NO.
LOCATED IN GLENWOOD HALL RESORT TO	)	2001-110
CARROLL COUNTY WATER DISTRICT #1	)	

O R D E R

On April 30, 2001, Par-Tee, LLC d/b/a Perry Park Resort (“Par-Tee”) and Carroll County Water District #1 (“Carroll County”) submitted a joint application for Commission approval for the transfer of the water utility owned and operated by Par-Tee to Carroll County. The application was considered filed on July 13, 2001, the date the deficiencies in the application were cured. On May 24, 2001, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, pursuant to his motion, was permitted to intervene as a party to these proceedings. None of the parties have requested a formal hearing on the petition and, in accordance with the procedural Order entered in these proceedings on June 18, 2001, the matter is before the Commission on the existing record. Having reviewed the record, the Commission makes the following Findings of Fact, Conclusions of Law and Order.

FINDINGS OF FACT

1. Par-Tee is a limited liability corporation, organized and existing under the laws of the Commonwealth of Kentucky, whose corporate office is at 595 Springport Road, Perry Park, Kentucky. Par-Tee owns a water and sewer utility operating under the jurisdiction of this Commission and serving the residents of Perry Park Resort in Owen County.

2. According to its 2000 Annual Report, Par-Tee was organized on July 22, 1998 and serves 244 water customers in the Perry Park Resort.

3. Carroll County is a water district organized and existing under the laws of the Commonwealth of Kentucky, whose principal office is at 205 Main Cross, Ghent, Kentucky. Carroll County is a water utility operating under the jurisdiction of this Commission and serving customers in Carroll, Owen and Gallatin counties. To manage and operate its system, Carroll County employs four licensed operators, one of whom serves as its general manager, and two non-licensed personnel.

4. According to its 2000 Annual Report, Carroll County was organized on January 9, 1961 and serves 2,435 customers. Approximately 93 percent of its customers are residential. On December 31, 2000, the total value of Carroll County's assets was \$8,393,958, of which \$7,514,770 represented net utility plant. In 2000 its plant produced 263,081,200 gallons of water and its total sales revenue was \$1,010,709, from which Carroll County earned a net profit of \$112,184.

5. Prior to October 12, 2000, Par-Tee's water system consisted of a treatment plant, pumps and associated mechanical equipment and a distribution system of water lines and meters. Pursuant to an agreement evidenced only by correspondence between the applicants, Carroll County agreed to connect Par-Tee's water lines to its water system and assume ownership and operation of Par-Tee's distribution system. In return, Carroll County would receive a small parcel of real estate in the resort and \$100,000 in aid of construction for a project extending its waterlines into the area in which the Perry Park Resort is located. The \$100,000 would come from a fund to which residents and property owners of the Perry Park Resort contributed.

Par-Tee would retain ownership of the water treatment plant, pumps and associated equipment and would continue to own and operate the sewer system. It was further understood and agreed that when the transfer was complete the residents of Perry Park would become customers of Carroll County and receive service under the same rates, terms and conditions that Carroll County provided to its other customers. Because Carroll County's rates are lower than Par-Tee's rates, the transfer would reduce the cost of water service for the Perry Park Resort residents.

6. Carroll County, in a letter dated October 9, 2000, informed the residents of Perry Park Resort that Par-Tee was experiencing problems with its water pumps and in maintaining water quality. Because of these problems the letter advised the residents that they would begin receiving water service from Carroll County earlier than anticipated. The letter also informed them that Carroll County intended to thoroughly flush the water distribution lines serving the resort and they were advised to boil all water intended for drinking until notified that the flushing was completed. Consequently, on October 12, 2000, without Commission approval, Par-Tee and Carroll County executed their agreement and Par-Tee transferred ownership of its waterlines and meters to Carroll County.

7. After Par-Tee's water distribution lines were connected to Carroll County's system, Par-Tee's water treatment plant and its pumps and associated equipment were removed from service.

## CONCLUSIONS OF FACT AND LAW

1. KRS 278.020(5) provides that “No... entity... shall acquire control, either directly or indirectly, of any utility furnishing utility service in this state, without having first obtained the approval of the commission.”

2. The transfer of Par-Tee’s water system to Carroll County on October 12, 2000 was made without Commission approval.

3. The Commission will, by separate Order, institute a proceeding directing the officers and agents of the parties to appear and show cause why they should not be penalized in accordance with KRS 278.990 for their apparent violation of KRS 278.020.

4. Carroll County has the financial, technical and managerial abilities to provide reasonable service to the customers of Par-Tee, and the transfer is for a proper purpose.

5. The transfer serves the public interest by absorbing a small water system with operating problems into a larger professionally managed system, thereby providing Perry Park Resort residents reliable, efficient and improved service at lower rates that are fair, just and reasonable.

This Commission being otherwise sufficiently advised, IT IS HEREBY ORDERED that the proposed transfer of Par-Tee’s water system to Carroll County is in the public interest and is hereby approved.

Done at Frankfort, Kentucky, this 6<sup>th</sup> day of September, 2001.

By the Commission

ATTEST:

  
Executive Director