

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF	)	
WILLABROOK SANITATION, INC.	)	
AND BULLITT COUNTY	)	CASE NO. 2002-00167
SANITATION DISTRICT FOR	)	
AN ORDER APPROVING	)	
TRANSFER OF ASSETS	)	

O R D E R

On May 8, 2002, Willabrook Sanitation, Inc. ( Willabrook ) and Bullitt County Sanitation District ( Bullitt County ) filed with the Commission an application pursuant to KRS 278.020(4) and 807 KAR 5:001, Section 8, requesting Commission approval of Bullitt County s proposed acquisition of a wastewater system from Willabrook.

PROCEDURE

On June 5, 2002, the Attorney General moved to intervene in this proceeding. The Commission granted his motion on June 10, 2002. Commission Staff issued its First Data Request on June 13, 2002. The joint applicants responded to the data request on June 24, 2002.

PROPOSED TRANSACTION

Willabrook is a corporation organized under the laws of the Commonwealth of Kentucky. Willabrook s present address and principal place of business is 11104 Rothbury Court, Louisville, Kentucky 40202. The company owns and operates a

wastewater system pursuant to a Certificate of Public Convenience and Necessity granted by the Commission in an Order dated April 24, 1991. Willabrook currently provides service to fourteen customers.

Bullitt County is a special district organized pursuant to Ordinance 97-11 of the Bullitt County Fiscal Court. The district collects and treats sewage and other liquid wastes in areas throughout Bullitt County.

On December 18, 2001, Willabrook and Bullitt County entered into an asset purchase agreement wherein Bullitt County agreed to purchase from Willabrook the assets used by Willabrook to collect, pump, treat, and dispose of waterborne sewage and other liquid waste. The purchase agreement does not provide for any cash payment to Willabrook or its shareholders, and Willabrook is not conveying any real estate to Bullitt County. However, Willabrook has agreed to lease the land upon which the plant is located to Bullitt County for an annual rent of \$1,000. The proposed acquisition will not require Bullitt County to issue or assume any debt. The purchase agreement is subject to certain conditions, one of which is approval by this Commission.

#### STATUTORY PROVISIONS

KRS 278.020(4) provides that no person may acquire or transfer control or ownership of a utility without prior approval by the Commission. The Commission will approve such a transfer if it determines that the acquirer has the financial, technical, and managerial abilities to provide reasonable service. The Commission must also determine that the acquisition is made in accordance with the law, for a proper purpose, and is consistent with the public interest. KRS 278.020(5). The Commission may grant

an application upon terms and conditions it deems necessary to protect the public interest.

After careful consideration and deliberation, the Commission finds that Bullitt County meets the standards set forth in KRS Chapter 278. Bullitt County has provided sufficient evidence to support its assertion that it has the financial, technical, and managerial ability to provide reasonable service to Kentucky consumers.

Bullitt County has demonstrated the financial ability necessary to acquire the wastewater system and provide reasonable service to its customers. As of February 28, 2002, the district reported a checking account balance of \$20,113.94 and money market account balance of \$8,954.15. Moreover, the district will not be required to issue or assume debt to acquire the wastewater system.

Bullitt County has also demonstrated the technical and managerial ability necessary to provide reasonable service to Kentucky customers. The wastewater system has a designed capacity of 120,000 gallons per day. This capacity is more than adequate to meet the needs of the existing service area. In addition, Bullitt County has assembled a management team with experience in managing and operating sewage facilities. Bullitt County's management expertise, together with its financial and technical resources, ensures that Kentucky customers will receive safe and reliable service.

The proposed acquisition is in accordance with law, for a proper purpose and consistent with the public interest. The transfer will facilitate the future extension of service to areas not currently connected to the wastewater system. Also, because

Bullitt County will adopt Willabrook s rates, rules, and classifications, the transfer will be transparent to Kentucky customers.

### CONCLUSIONS

Bullitt County has provided sufficient evidence to prove that it has the financial, technical, and managerial ability to provide reasonable service to Kentucky customers. The proposed acquisition is made in accordance with law, does not violate any statutory prohibition, and is executed for a proper purpose. The Commission finds that the proposed acquisition is consistent with the public interest and that Bullitt County will maintain both the level and quality of service currently received by Kentucky customers. With this Order, the Commission accepts the filing of the Capacity Allocation Agreement as a special contract pursuant to 807 KAR 5:011, Section 13.

The Commission, having reviewed the evidence of record and having been otherwise sufficiently advised, HEREBY ORDERS that:

1. The application for approval of Bullitt County s acquisition of Willabrook s wastewater system is approved.
2. The termination of the Sewer Treatment Plant Third Party Agreement filed in Case No. 1990-00389<sup>1</sup> is approved.
3. Within 10 days of the date of the transfer, Bullitt County shall file with the Commission the journal entries used to record the purchase and shall identify the detailed plant accounts to which the assets are recorded. The transfer should be

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<sup>1</sup> Case No. 1990-00389, Application of Willabrook Sanitation, Inc., Bullitt County, Kentucky to Construct and Operate a General Sewer Plant Pursuant to KRS Chapter 74 in Bullitt County, Kentucky, For an Order Approving Suggested Rates to be Charged to Customers of the General Sewer Plant of Willabrook Sanitation, Inc. in Bullitt County, Kentucky.

reported in accordance with Utility Plant Instruction Number 4 of the Uniform System of Accounts for Sewer Utilities.

4. Within 10 days of the date of the transfer, Bullitt County shall file with the Commission an adoption notice pursuant to 807 KAR 5:011, Section 15(6). In this notice, Bullitt County shall adopt and ratify as its own all of Willabrook's rates, rules, classifications, and administrative regulations on file with the Commission and effective at the time of the transfer.

5. Within 10 days of the filing date of the adoption notice, Bullitt County shall issue and file in its own name Willabrook's tariff, or such other tariff as it proposes to put into effect in lieu thereof, pursuant to 807 KAR 5:011.

6. Willabrook shall be responsible for submitting to the Commission a financial and statistical report pursuant to 807 KAR 5:006, Section 3, for the period in calendar year 2002 that it owned and operated the transferred assets. The annual report should be filed within 60 days of the date of the transfer.

7. Bullitt County shall be responsible for submitting to the Commission a financial and statistical report pursuant to 807 KAR 5:006, Section 3, for the period in calendar year 2002 that it owns and operates the transferred assets. This report must be based on accounts set up in conformity with the Uniform System of Accounts. Commission Staff is available to assist Bullitt County regarding this accounting system.

Done at Frankfort, Kentucky, this 1<sup>st</sup> day of July, 2002.

By the Commission

ATTEST:

  
Executive Director