

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF LOCKWOOD)	
ESTATES AND THE OLDHAM COUNTY)	
SANITATION DISTRICT FOR APPROVAL)	CASE NO.
OF THE TRANSFER OF WASTEWATER)	2002-00423
TREATMENT FACILITIES PURSUANT TO)	
AN ASSET PURCHASE AGREEMENT)	
BETWEEN THE PARTIES)	

O R D E R

On November 25, 2002, Lockwood Estates Developing Corporation (Lockwood) and the Oldham County Sanitation District (OCSD) (collectively, Joint Applicants) filed, pursuant to KRS 278.020(4) and (5), an application for Commission approval of the proposed transfer of Lockwood s wastewater treatment assets and business to OCSD. In this Order, the Commission will establish a procedural schedule to ensure that this matter is reviewed in an efficient and expeditious manner.

On December 10, 2002, the Attorney General filed a motion for full intervention in this proceeding. KRS 367.150(8) entitles him to full intervention. Accordingly, his motion for intervention should be granted.

The Commission, having been sufficiently advised, HEREBY ORDERS that:

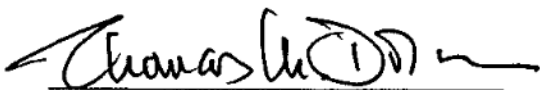
1. The Attorney General s motion for full intervention is granted.
2. The Parties shall adhere to the procedural schedule set forth in Appendix A to this Order.
3. The Joint Applicants shall respond to Commission Staff s Data Request attached as Appendix B to this Order no later than January 3, 2002. The Joint

Applicants shall file with the Commission the original and 8 copies, with a copy to all parties of record.

Done at Frankfort, Kentucky, this 23rd day of December, 2002.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas H. [unclear]", written over a horizontal line.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2002-00423 DATED December 23, 2002

Intervenor s initial data requests to Joint Applicants
are due no later than December 27, 2002

Joint Applicants shall respond to the information
requested in Appendix B no later than January 3, 2003

Joint Applicants responses to Intervenor s data
request are due no later than January 6, 2003

Any request for a formal hearing shall be filed
no later than January 6, 2003

If requested, a formal hearing for the purpose of cross-examination
of witnesses shall begin at 1:30 p.m., Eastern Standard Time,
in Hearing Room 1 of the Commission s offices
at 211 Sower Boulevard, Frankfort, Kentucky January 13, 2003

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2002-00423 DATED December 23, 2002

Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who is responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. The Asset Purchase Agreement (Agreement) refers to various schedules. However, no schedules were provided for staff review. Submit all schedules referred to in the Agreement.

2. Section 1.3 of the Agreement provides that OCSD will assume only certain liabilities, including obligations with respect to customer deposits. Did Lockwood collect customer deposits?

3. Provide the journal entries OCSD will record to reflect the purchase.

4. For how many customers does OCSD provide sewer service?

5. Given that, without grant money, OCSD would have experienced net losses in 2000, 2001, and 2002, how can the Commission find that OCSD has the financial ability to operate Lockwood?

6. For the fiscal year ended June 30, 2002, OCSD recorded \$370,240 in capacity charge revenue.

- a. What are capacity charges?
- b. Are capacity charges expected to provide a large portion of total

revenue on an ongoing basis?

7. Paragraph 7C of the application states that OCSD will file a notice to adopt Lockwood's rates. However, if OCSD is not deemed a jurisdictional utility, then the adoption notice will become null and void. If OCSD is not deemed a jurisdictional utility, what rate will be charged to Lockwood customers? If the transfer is approved, will OCSD increase rates?

8. Will OCSD use the same billing and customer service systems currently utilized by Lockwood? If no, describe the steps OCSD will take to ensure a smooth transition for Lockwood.

9. If the proposed transfer is approved, will OCSD reduce Lockwood's current workforce?

10. List any regulatory violations that have occurred at wastewater treatment facilities owned or operated by OCSD in Oldham County.

11. List any outstanding obligations that Lockwood may have to its current employees, including vacation, sick leave, holiday pay, taxes, or other liabilities.

12. Briefly describe the physical condition of the plant and sewer lines that are subject to the proposed transaction.