

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

DE-ANNEXATION OF TERRITORY OF )  
OLDHAM COUNTY WATER DISTRICT ) CASE NO. 2007-00193  
TO THE CITY OF LAGRANGE )

O R D E R

Oldham County Water District (“Oldham District”) has applied for Commission approval to de-annex a limited portion of its territory and transfer the customers of this territory to the LaGrange Utilities Commission (“LaGrange”). Having reviewed the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Oldham District, a water district organized pursuant to KRS Chapter 74, owns and operates facilities in Oldham County, Kentucky, that serve approximately 7,780 customers.<sup>1</sup>

2. As of December 31, 2007, Oldham District had net utility plant of \$18,728,596.<sup>2</sup> For the calendar year ending December 31, 2007, it had annual water sales of \$3,609,158.<sup>3</sup>

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<sup>1</sup> Annual Report of Oldham County Water District to the Public Service Commission of Kentucky for the Year Ended December 31, 2007 at 47.

<sup>2</sup> Id. at 14.

<sup>3</sup> Id. at 47.

3. LaGrange provides water service to most of the areas within the corporate limits of the city of LaGrange, Kentucky and certain adjacent areas. It provides water service to approximately 3,022 customers.<sup>4</sup>

4. Oldham District proposes to relinquish 1,460 acres, approximately 300 current and 1,982 ultimate customers, including 20 commercial, and an ultimate annual revenue of \$776,792, in an area just to the east of the city of LaGrange referred to as the “Eastern Development Area.”<sup>5</sup>

5. In return for Oldham District’s relinquishment of this territory, LaGrange has agreed to allow Oldham District to service all of the Oldham County Economic Development Administration (“OCEDA”) campus, which encompasses approximately 1,194 acres, 690 ultimate customers, including 60 commercial, and an ultimate annual revenue of \$836,506.<sup>6</sup>

6. Due to the higher elevation of the Eastern Development Area, a higher pressure zone is needed to provide an increased level of service to the area. The

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<sup>4</sup> Financial Statements of the Utility Commission of the City of LaGrange, Kentucky (A Component Unit of the City of LaGrange, Kentucky) Years Ended June 30, 2007 and 2006, Response to Commission Staff’s Second Data Request, Item 3 (filed May 15, 2008) at 6.

<sup>5</sup> Revenue Projections, attached to a letter from Steve Vogelsberg, P.E., GRW Engineers, Inc., to Phillip Ward, Superintendent, Oldham District (February 9, 2005), Oldham Petition to De-Annex, Item 6 (May 15, 2007).

<sup>6</sup> Id.

creation of the pressure zone will require a booster pumping station, additional transmission mains, and a new water storage tank.<sup>7</sup>

7. It should be less costly for Oldham District to provide more transmission main capacity to the OCEDA campus, which is centrally located within the existing Oldham District distribution system, compared to creating the new pressure zone in the Eastern Development Area due to the relative proximity of existing transmission mains and service areas in question.<sup>8</sup>

8. The proposed transfer of facilities will not involve any significant change to the existing configuration of Oldham District's distribution system and will not have any significant economic effect on Oldham District.

9. The proposed transfer will result in a more sensible and definite boundary between the two water providers and produce greater administrative efficiencies.

10. Oldham District's creditors have not objected to the proposed de-annexation.<sup>9</sup>

11. Those Oldham District customers whom LaGrange will serve upon the de-annexation of the territory will not experience an increase in the cost of water service or a decline in the quality of service as a result in the change of suppliers.

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<sup>7</sup> Letter from Steve Vogelsberg, P.E., GRW Engineers, Inc., to Phillip Ward, Superintendent, Oldham District (February 9, 2005), Oldham Petition to De-Annex, Item 6 (May 15, 2007).

<sup>8</sup> Id. at 2.

<sup>9</sup> Letter from Phillip Ward, Superintendent, Oldham District, to Kentucky Infrastructure Authority ("KIA") (May 9, 2008), acknowledged by Sandy Williams, KIA, (May 12, 2008), Oldham District Response (May 15, 2008).

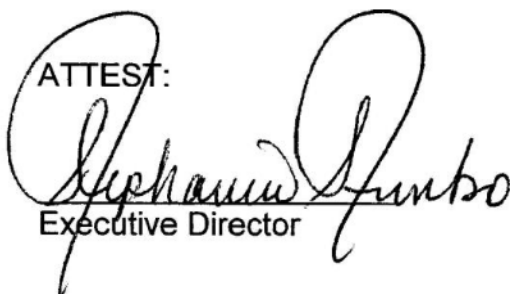
12. The proposed transfer is reasonable and consistent with the public interest.

IT IS THEREFORE ORDERED that:

1. Oldham District's proposed de-annexation of territory and transfer of customers to LaGrange is approved.
2. This case is closed and is removed from the Commission's docket.

Done at Frankfort, Kentucky, this 29<sup>th</sup> day of July, 2008.

By the Commission

ATTEST:  
  
Executive Director