

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF PIONEER VILLAGE)
SEWERAGE SYSTEM PLANT #1, INC. AND THE)
BULLITT COUNTY SANITATION DISTRICT FOR) CASE NO. 2010-00134
APPROVAL OF TRANSFER OF WASTEWATER)
TREATMENT FACILITY)

O R D E R

Pioneer Village Sewerage System Plant #1, Inc. ("Pioneer Village") and Bullitt County Sanitation District ("BCSD") have jointly filed for Commission approval of the transfer of control of Pioneer Village's sewage treatment plant and collection system.¹

Having considered the Joint Application and the evidence of record, the Commission finds that:

1. Pioneer Village, a Kentucky corporation, owns and operates facilities for the collection, transmission, and treatment of sewage for the public that serve approximately 946 customers in Bullitt County, Kentucky.

2. Pioneer Village's facilities are not subject to the regulation of any metropolitan sewer district or any sanitation district created pursuant to KRS Chapter 220.

¹ The Joint Applicants filed their application with the Commission on March 29, 2010. No persons sought intervention in this proceeding. Commission Staff conducted discovery on the Joint Applicants. As of May 19, 2010, this matter stood submitted for decision.

3. Pioneer Village's facilities include a 310,000-gallon-per-day sewage treatment plant, associated sewers, pumping stations, force mains, equipment, sewer easements, and real estate.

4. Of its 946 customers, approximately 875 customers are single-family residences, 66 customers are multi-family residences, and five are commercial customers.

5. Bullitt County Fiscal Court created BCSD by ordinance in 1997 and authorized BCSD to exercise all powers of a sanitation district set forth in KRS Chapter 220.²

6. A three-member board of directors controls and conducts BCSD's affairs. The Bullitt County Judge/Executive appoints the members of this board subject to Bullitt County Fiscal Court's approval.

7. BCSD currently operates sewage treatment and collection facilities in Bullitt County, Kentucky.

8. BCSD has acquired and currently operates four other sewage treatment facilities that collectively served approximately 1,781 customers.³

9. Pioneer Village's facilities are located within BCSD's territory.

² Bullitt County Fiscal Court Ordinance Number 97-11 (Apr. 1, 1997).

³ Case No 2001-00143, *Joint Application For Transfer Of Ownership of Hillview Sewerage System Plant # 1, Inc.; Hillview Sewer Plant # 2, Inc.; Hillview Sewer Plant # 3, Inc., to Bullitt County Sanitation District* (Ky. PSC Aug. 2, 2001); Case No 2002-00167, *Joint Application of Willabrook Sanitation, Inc. and Bullitt County Sanitation District for Transfer of Assets* (Ky. PSC July 1, 2002).

10. On December 15, 2009, Pioneer Village and BCSD agreed, subject to Commission approval, to the transfer of ownership of Pioneer Village's plant, sewers, and property to BCSD for \$400,000.

11. BCSD employs a full-time manager who is a licensed Class III Operator in Kentucky, holds a master's degree in environmental engineering, and has extensive experience in the management and operation of sewer facilities.⁴

12. BCSD employs a full-time foreman and a part-time wastewater treatment plant operator, both of whom are licensed to operate a wastewater treatment plant.

13. BCSD has contracted with Derrick Engineering, Inc. to provide engineering services.

14. BCSD employs the certified public accounting firm of Logsdon & Cole to perform its accounting responsibilities.

15. As of March 16, 2010, BCSD had total assets of \$1,759,554 and total liabilities of \$1,017,928.

16. For the period of January 1, 2009 through March 16, 2010, BCSD had total income of \$1,121,400 and total expenses of \$1,052,654, for a net ordinary income of \$68,746.

17. Pioneer Village currently charges a flat monthly fee of \$16.00 for a single-family residence and a commercial rate based upon a residential equivalent of 12,000 gallons.

18. Upon BCSD's acquisition of the facilities, BCSD will assess Pioneer Village customers a monthly rate of \$14.00 for the first 2,000 gallons of treated

⁴ Joint Application, Exhibit J.

wastewater and an additional \$4.35 per month per each additional 1,000 gallons of treated wastewater.⁵

19. BCSD will be assessing Pioneer Village customers the same rates that are currently assessed to all other BCSD customers.

20. Pioneer Village reports that it does not hold any customer deposits.⁶

Based upon these findings, the Commission makes the following conclusions of law:

1. Pioneer Village is a utility that is subject to the Commission's jurisdiction.⁷

2. As a special district created pursuant to KRS Chapter 67 and KRS Chapter 220, BCSD is not a utility and is, therefore, not subject to Commission regulation.⁸

3. Pursuant to KRS 278.010(1) and (2), BCSD is a "corporation" and a "person" for purposes of KRS Chapter 278.

4. KRS 278.020(5) provides that "[n]o person shall acquire or transfer ownership of, or control, or the right to control, any utility under the jurisdiction of the commission . . . without prior approval by the commission." As BCSD is a person and is

⁵ BCSD's Amended Response to Commission Staff Data Request (filed May 18, 2010).

⁶ Pioneer Village Annual Report, filed May 5, 2010, line 235.

⁷ KRS 278.010(3)(f) and KRS 278.040.

⁸ *Oldham County Sanitation District v. Kentucky Public Service Commission*, No. 2001-CA-001482 (Ky. Ct. App. July 12, 2002). See also Case No. 2004-00197, *Joint Application of Bullitt Utilities, Inc. and the Bullitt County Sanitation District for Approval of Transfer of Wastewater Treatment Facility* (Ky. PSC July 22, 2004).

acquiring ownership of Pioneer Village's facilities, this statute is applicable and requires Commission approval of the proposed transfer.

5. KRS 278.020(6) provides that "[n]o individual, group, syndicate, general or limited partnership, association, corporation, joint stock company, trust, or other entity (an 'acquirer'), whether or not organized under the laws of this state, 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." As BCSD is a corporation and is acquiring the facilities that Pioneer Village uses to provide utility service, this statute is applicable to the transfer and Commission approval is required.

6. In view of its financial assets and its status as a political subdivision of the Commonwealth, BCSD has sufficient financial integrity to ensure the continuity of utility service.

7. BCSD has the financial, technical, and managerial abilities to provide reasonable service to the current customers of Pioneer Village.

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

9. Upon completion of the proposed transfer, the facilities acquired from Pioneer Village will no longer be subject to Commission jurisdiction.

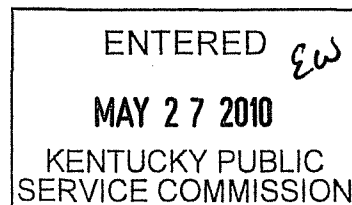
IT IS THEREFORE ORDERED that:

1. The proposed transfer of the utility assets of Pioneer Village to BCSD is approved.

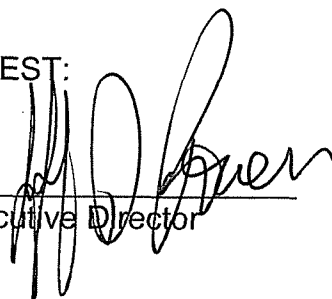
2. Within 15 days of completion of the proposed transfer of assets, BCSD and Pioneer Village shall notify the Commission in writing of the date that the transfer of the assets was completed.

3. Pioneer Village shall be responsible for submitting to the Commission a financial and statistical report, as described in 807 KAR 5:006, Section 3, for the period of the calendar year 2010 that it owned and operated the transferred assets.

By the Commission



ATTEST:



Executive Director

Bullitt County Sanitation
P.O. Box 818
Hillview, KY 40129

Honorable Robert C Moore
Attorney At Law
Hazelrigg & Cox, LLP
415 West Main Street
P.O. Box 676
Frankfort, KY 40602

James M Walser
President
Pioneer Village Sewerage System Plant #1, Inc.
4869 Brownsboro Center
Louisville, KY 40207