

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TRANSFER OF RIDGEWOOD SEWAGE TREATMENT) CASE NO.
PLANT TO CLASSIC CONSTRUCTION, INC.) 2002-00320

O R D E R

On September 20, 2002, Classic Construction, Inc. ("Classic") filed, pursuant to 278.020(4) and (5), an application for Commission approval of its proposed acquisition of Ridgewood Sewage Treatment Plant ("Ridgewood").

PROCEDURE

On October 8, 2002, Commission Staff issued its first data request. Classic responded on October 16, 2002. On October 8, 2002, the Commission granted the Attorney General's motion to intervene. An evidentiary hearing was held on Monday, November 4, 2002. John Baughman, Master Commissioner, testified on behalf of Ridgewood. Russell Givens testified on behalf of Classic.

PROPOSED TRANSACTION

Ridgewood is a sewage treatment plant serving 97 customers in Franklin County, Kentucky. Classic is a Kentucky corporation principally located at 5312 Sleepy Hollow Drive in Frankfort, Kentucky. Classic was primarily established to engage in the business of home construction and this acquisition, if approved, will be the company's first substantial utility operation.

Ridgewood was formerly owned and operated by J.B. Marston. In 1992, the Natural Resources and Environmental Protection Cabinet ("Cabinet") initiated a civil action against Mr. Marston, alleging that his failure to properly maintain the facility had

resulted in violations of environmental statutes and regulations. In response to this litigation, the Court assigned a temporary receiver to operate the plant. Because the receiver failed to adequately maintain the plant, the Court appointed John Baughman, Master Commissioner, to operate the plant. Mr. Givens has been working with Commissioner Baughman and anticipates securing ownership of the plant.

Although neither party anticipates the payment of purchase money to acquire the utility, Classic has agreed to assume any cost associated with the transfer. Classic has also agreed to resolve any outstanding debts the plant may have at the time of acquisition.

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 carefully reviewing the record established in this proceeding, the Commission concludes that Classic has the financial, technical, and managerial ability to provide reasonable service to Kentucky customers. The Commission finds that the proposed acquisition is consistent with the public interest and that Classic will maintain both the level and quality of service currently received by Ridgewood customers.

In demonstration of its financial ability to operate the sewer system, Classic has provided an irrevocable letter of credit up to an aggregate amount of \$12,000 from Farmers Bank & Capital Trust Company. In addition, Mr. Givens states that he has accumulated \$45,000 in stocks, money market funds, and index funds in a personal account. Mr. Givens has committed to use these funds to cover any unexpected expenses associated with his ownership of the plant.

Classic has demonstrated the technical ability necessary to operate the system. Classic has committed to employ Noel Norton, the certified operator previously hired by the Master Commissioner. Also, Mr. Givens testified that he will begin taking classes to become a certified operator. With regard to managerial ability, Mr. Givens has experience as a contractor. He states that he has effectively managed multiple projects, including accounts receivable and accounts payable. For more complex financial matters, Classic will retain the services of David Eddins, CPA.

CONCLUSIONS

Classic 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 Classic will maintain both the level and quality of service currently received by Ridgewood customers.

The Commission, having reviewed the record and being otherwise sufficiently advised, HEREBY ORDERS that:

1. Classic's proposed acquisition of Ridgewood is approved.

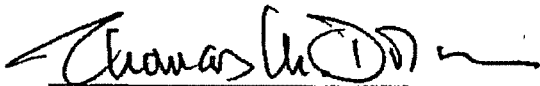
2. Within 30 days of the transfer, Classic shall file with the Commission all documents effectuating Classic's acquisition of the plant.

3. Classic shall employ a certified sewage system operator to maintain the plant. In the event that the current certified operator is unable or unwilling to continue service, Classic shall immediately hire another certified sewage system operator.

Done at Frankfort, Kentucky, this 18th day of November, 2002.

By the Commission

ATTEST:

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

Executive Director

ADOPTION NOTICE

The undersigned Classic Construction, Inc.
(Name of Utility) System

of Frankfort, Kentucky hereby adopts, ratifies, and makes
its own, in every respect as if the same had been originally filed and posted by it, all
tariffs and supplements containing rates, rules and regulations for furnishing
sewage treatment service at Ridgewood Subdivision
(Nature of Service)

in the Commonwealth of Kentucky, filed with the Public Service Commission of
Kentucky by John Baughman
~~Master Commissioner~~ of Frankfort, Kentucky
(Name of Predecessor)

and in effect on the 17th day of April, 2003, the date on which
the public service business of the said Ridgewood Sewage Treatment Plant
(Name of Predecessor)

was taken over by it.

This notice is issued on the _____ day of _____, 20____,
in conformity with 807 KAR 5:011, Section 11, of the Regulations for the filing of Tariffs
of Public Utilities with the Public Service Commission of Kentucky.

By Doreen Green
President - Classic Construction

Authorized by Ky.P.S.C. Order No. _____

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUL 15 2003

PURSUANT TO 807 KAR 5:011
SECTION 9 (1)
BY Charles L. Brown
EXECUTIVE DIRECTOR

P.S.C. KY. NO. 1

CANCELLING P.S.C. KY. NO. _____

RIDGEWOOD ESTATES SEWER SERVICE

P.O. BOX 676

FRANKFORT, KENTUCKY, 40601

RATES & CHARGES
AND
RULES & REGULATIONS
FOR FURNISHING
SEWER SERVICE

IN

FRANKLIN COUNTY

KENTUCKY

FILED WITH THE
PUBLIC SERVICE COMMISSION
OF
KENTUCKY

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY J. B. Pennington Master Commissioner
(Signature of Officer)

TITLE Franklin Circuit Court

**PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE**

MAR 23 2003

**PURSUANT TO 307 KAR 5:011
SECTION 9 (1)**

BY Thomas W. Dyer
EXECUTIVE DIRECTOR

FOR Franklin County, Kentucky
Community, Town or City

P.S.C. KY. NO. 1

Original SHEET NO. 1

CANCELLING P.S.C. KY. NO. _____

SHEET NO. _____

Ridgewood Estates Sewer Service
(Name of Utility)

CONTENTS

- I. RATES AND CHARGES
 - A. Monthly Rates
 - B. Special Non-recurring Charges

- II. RULES AND REGULATIONS
 - A. Billing and Collection
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 - 4. Returned Check Charge
 - C. Banned Substances
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 - F. Protection by Consumer
 - G. Notice of Trouble
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 - I. Customers Request for Termination of Service

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY [Signature]
(Signature of Officer)

TITLE Master Commissioner, Franklin Circuit Court

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

**PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE**

MAR 23 2003

PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

BY [Signature]
EXECUTIVE DIRECTOR

FOR Franklin County, Kentucky
Community, Town or City

P.S.C. KY. NO. 1

Original SHEET NO. 2

CANCELLING P.S.C. KY. NO. _____

SHEET NO. _____

Ridgewood Estates Sewer Service
(Name of Utility)

RATES AND CHARGES

A. RATES

Monthly Charge \$29.57

B. SPECIAL NON-RECURRING CHARGES

Disconnection Charge \$750.00

Reconnection Charge \$750.00

Late Payment Penalty 10%

Returned Check Charge \$20.00

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

DATE OF ISSUE _____
Month / Date / Year

JUL 15 2003

DATE EFFECTIVE _____
Month / Date / Year

PURSUANT TO 607 KAR 5:011
SECTION 9 (1)

ISSUED BY Spive N. Williams
(Signature of Officer)

BY Charles G. Brown
EXECUTIVE DIRECTOR

TITLE Deputy Master Commissioner

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

FOR Franklin County, Kentucky
Community, Town or City

P.S.C. KY. NO. 1

Original SHEET NO. 3

Ridgewood Estates Sewer Service
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

The following Rules and Regulations govern sewer service by Ridgewood Estates Sewer Service, and are in addition to, and superceded by, the Rules and Regulations established by the Public Service Commission.

A. BILLING AND COLLECTION

Bills for service will be due no later than the 12th of each month.

B. SPECIAL NON-RECURRING CHARGES

1. Disconnection Charge

A disconnect fee will be assessed when the utility disconnects service for non-payment of service. The utility shall mail or otherwise deliver to that customer five- (5) days' written notice of intent to terminate. Under no circumstances shall service be terminated before twenty (20) days after the due date of the original unpaid bill.

Once the sewer has been disconnected, the local health department will be notified to declare the residence uninhabitable.

DATE OF ISSUE _____
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DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY John T. Paugh
(Signature of Officer)

TITLE Master Commissioner, Franklin Circuit Court

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

**PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE**

MAR 23 2003

PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

BY Charles W. Dorn
EXECUTIVE DIRECTOR

FOR Franklin County, Kentucky
Community, Town or City

P.S.C. KY. NO. 1

Original SHEET NO. 5

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

Ridgewood Estates Sewer Service
(Name of Utility)

RULES AND REGULATIONS

D. SEWER LINES

A sewer service pipe shall not be laid in the same trench with a water pipe.

If a governmental agency requires an inspection of the customer's plumbing, the Utility shall not connect the customer's service pipe until it has received notice from the inspection agency certifying that the customer's plumbing is satisfactory. When necessary to move or relocate facilities, the cost will be paid by the party or parties requesting such relocation.

Any customers ultimately connected under this arrangement shall be charged according to the utility's current approved rates filed with the Public Service Commission.

For purposes of this provision the term "prospective customer" shall mean any person, firm or corporation which expresses an intent to become an ultimate user or customer of the utility at the time of the contribution in aid of construction is charged. A subdivider, developer or contractor is not considered a "prospective customer" for purposes of this section.

E. SEWER FAILURE

The utility is responsible for the maintenance of that portion of the service line installed by the Utility and the customer is responsible for the maintenance of that portion installed by the customer.

F. PROTECTION BY CONSUMER

The Consumer shall protect the equipment of the Utility on his premises and shall not interfere with the Utility's property or permit interference except by duly authorized representatives of the Utility.

DATE OF ISSUE _____
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DATE EFFECTIVE _____
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ISSUED BY John B. Bunch
(Signature of Officer)

TITLE Master Commissioner, Franklin County Court

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

**PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE**

MAR 28 2003

PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

BY Charles L. Edrington
EXECUTIVE DIRECTOR

FOR Franklin County, Kentucky
Community, Town or City

P.S.C. KY. NO. 1

Original SHEET NO. 6

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

Ridgewood Estates Sewer Service
(Name of Utility)

RULES AND REGULATIONS

G. NOTICE OF TROUBLE

The Consumer shall give immediate notice to the Utility of any irregularities or unsatisfactory service and of any known defects.

H. DISCONTINUANCE OF SERVICE BY THE UTILITY

The Utility may refuse or terminate service for noncompliance with its tariffed rules or commission regulations after having made a reasonable effort to obtain customer compliance. Said customer will be given at least ten- (10) days written notice prior to termination.

If a dangerous condition is found to exist service may be terminated without notice. However, the utility will notify the customer in writing and, if possible, orally of the reasons for termination or refusal of service. The notice will be recorded along with the corrective action to be taken by the customer or the utility before service is restored or provided.

The utility may terminate service for nonpayment of tariffed charges after a five- (5) day written notice of intent to terminate. Service will not be terminated before twenty (20) days after the due date of the original bill. If a medical certificate is presented service will not be terminated for thirty (30) days beyond the termination date.

When payments are delinquent the Utility may file a complaint in court. The Utility may request that all court costs be included in any judgement amount awarded to the Utility.

I. CUSTOMER REQUEST FOR TERMINATION OF SERVICE

Customers who have fulfilled their contract terms and wish to discontinue service must give at least three (3) days notice. The notice may be given in writing, in person or via telephone. Notice to discontinue prior to expiration of contract term will not relieve the customer from any minimum or guaranteed payment.

DATE OF ISSUE _____
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DATE EFFECTIVE _____
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ISSUED BY John B. Baugh
(Signature of Officer)

TITLE Master Commissioner, Franklin Circuit Court

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

**PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE**

MAR 28 2003

PURSUANT TO 307 KAR 5:011
SECTION 9 (1)

BY Charles H. Jones
EXECUTIVE DIRECTOR