

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION FOR TRANSFER OF SEWER )	
SYSTEM BY B.L.S.T., INC. TO BRIGHTLEAF )	CASE NO.
ESTATES SUBDIVISION SEWAGE TREATMENT )	91-442
COOPERATIVE, INC. )	

O R D E R

On November 27, 1991, the Brightleaf Estates Subdivision Sewage Treatment Cooperative, Inc. ("Brightleaf Estates") filed an application for Commission approval to transfer ownership of B.L.S.T., Inc. ("B.L.S.T.") to Brightleaf Estates. On December 19, 1991, Brightleaf Estates submitted an adoption notice and a letter for evidence of financial integrity.

Having reviewed the application and evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. B.L.S.T. owns and operates a wastewater treatment plant in the Brightleaf Estates Subdivision of Mercer County, Kentucky, and is therefore a "utility" as defined by KRS 278.010(3)(f).

2. Brightleaf Estates is a nonprofit cooperative corporation. The members of Brightleaf Estates are the homeowners and business owners of all property within the Brightleaf Estates Subdivision, which are served by the sewer system to be transferred.

3. On October 8, 1991, a United States District Court by a Plea Agreement directed B.L.S.T. to convey and transfer to a

corporation to be formed by the Homeowners Association of the Brightleaf Estates Subdivision, the package sewage treatment plant, the real estate upon which it is located, all sewer lines and equipment necessary to operate the plant, all of which shall be conveyed without encumbrance.<sup>1</sup>

4. Brightleaf Estates seeks approval by the Commission to transfer ownership of the sewer system to comply with said Plea Agreement.

5. No purchase/sale agreement between the parties exists.

6. Brightleaf Estates employs an individual who is licensed as an operator by the Natural Resources and Environmental Protection Cabinet, Division of Water.

7. Brightleaf Estates' assets will consist of approximately \$5,000 in cash to be transferred from B.L.S.T. to Brightleaf Estates plus the sewage treatment plant, lines, property rights and real estate that being Lot #3, Block E, of Brightleaf Estates Subdivision.

8. As of December 31, 1990, B.L.S.T. has assets of \$18,577 and reported current and accrued liabilities of \$18,577.<sup>2</sup> No annual report has been filed for 1991.

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<sup>1</sup> Plea Agreement, United States of America v. B.L.S.T., Inc., a Kentucky corporation, and Jerry Tyler, an individual, Criminal Action No. 91-21, United States District Court, Eastern District of Kentucky (1991). A copy of said Plea Agreement is attached hereto as Exhibit A and incorporated herein by reference.

<sup>2</sup> Annual Report of B.L.S.T., Inc. for the year ended December 31, 1990, pages 2-3.

9. In view of the fact that the homeowners formed a nonprofit cooperative corporation incorporated on October 30, 1991; have been operating the treatment plant since June 11, 1991; are voluntarily paying \$16.10 above the current rates to defray the operating expenses incurred; have collectively paid \$1,000 to Mr. Tyler's attorney to release a mortgage on the sewer along with \$125 in past due property taxes; and have secured funding by the Bank of Danville for approximately \$200,000 for anticipated cost of improvements to the plant, Brightleaf Estates has sufficient financial integrity to ensure the continuity of sewage service.

10. Brightleaf Estates has the financial, managerial, and technical abilities to provide reasonable utility service to the persons formerly served by B.L.S.T.

11. The Commission will retain jurisdiction over the B.L.S.T. sewage treatment plant until such time as the deed of conveyance is signed and filed with the County Court Clerk's Office.

12. The fact that Brightleaf Estates Sewage Treatment Plant will serve only residents and businesses located in the Brightleaf Estates Subdivision and will not be treating sewage for the public for compensation, the facility is not a utility within the meaning of KRS 278.010(f). Accordingly, the facility would not fall under the Public Service Commission's jurisdiction at this time.

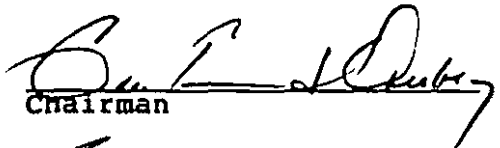
13. In view of the fact that Brightleaf Estates is non-jurisdictional, the matters arising out of Case No. 90-266<sup>3</sup> concerning plant deficiencies would no longer fall under Commission jurisdiction and will therefore be dismissed by separate Order.

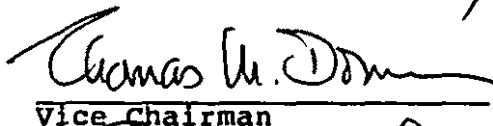
IT IS THEREFORE ORDERED that:

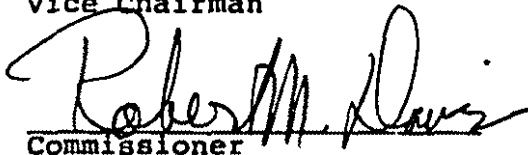
1. The proposed transfer be and it hereby is approved.
2. B.L.S.T. shall file with the Commission a stamped filed copy of the deed of conveyance within 10 days of the deed being filed with the County Court Clerk's Office.
3. Under the present conditions, Brightleaf Estates is not a utility within the meaning of KRS 278.010(f) and therefore, will not fall under the Public Service Commission's jurisdiction.

Done at Frankfort, Kentucky, this 27th day of January, 1992.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director

3

Case No. 90-266, Investigation Into the Alleged Unauthorized Transfer of Stock and Ownership of B.L.S.T., Inc. from Jerry L. Tyler to Mike and Tim Montgomery and Alleged Deficiencies in the System.

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF KENTUCKY  
LEXINGTON

RECEIVED

NOV 11 1991

PUBLIC SERVICE  
COMMISSION

CRIMINAL ACTION NO. 91-21

UNITED STATES OF AMERICA

PLAINTIFF

VS.

PLEA AGREEMENT

B.L.S.T., INC.,  
A KENTUCKY CORPORATION, AND  
JERRY TYLER, AN INDIVIDUAL

DEFENDANTS

\* \* \* \* \*

1. Pursuant to Rule 11(e) of the Federal Rules of Criminal Procedure, this Plea Agreement is entered into between the United States of America, by and through Peter M. Davenport, Assistant United States Attorney for the Eastern District of Kentucky, and B.L.S.T., Inc., by and through its sole shareholder, Jerry Tyler, and its attorney, Thomas E. Clay, and Jerry Tyler, individually, in person and by his attorney, Richard Clay.

2. By their signatures below, all parties to this agreement understand and agree that this agreement constitutes the entire plea agreement between the United States and the defendants, and incorporates the complete understanding between the parties hereto, and no other promises have been made by the government to the defendant or to the attorneys for the defendant.

3. The defendant B.L.S.T., Inc. agrees to enter a plea of guilty, not nolo contendere or Alford, to Count 1 of the above-captioned criminal indictment, charging the defendant with a

violation of Title 33, United States Code, Sections 1311(a) and 1319(c)(2)(A).

The maximum punishment authorized to be imposed on the corporate defendant for Count 1 is a fine of not more than \$500,000.00, plus a mandatory special assessment of \$200.00 (pursuant to 18 U.S.C. Section 3013).

4. At the time of the entry of the plea of guilty, the defendant, B.L.S.T., Inc., through its sole shareholder, Jerry Tyler, with authority granted by resolution of the Board of Directors will admit facts necessary to support the plea being entered.

5. Defendant, B.L.S.T., Inc., will pay a fine of \$350,000.00 for its corporate criminal liability in Count 1 together with the mandatory special assessment of \$200.00. This fine of \$350,000.00 will be suspended, and defendant will be placed on unsupervised probation for up to eighteen (18) months on the condition that defendant, B.L.S.T., Inc., pay restitution, pursuant to the provision of Title 18, U.S.C. Section 3663 as follows:

B.L.S.T., Inc. will convey and transfer to a corporation to be formed by the Homeowners Association of the Bright Leaf Estates Subdivision, the package sewage treatment plant, the real estate upon which it is located, all sewer lines and equipment necessary to operate the plant, all of which shall be conveyed without encumbrance.

Jerry Tyler will cause to be conveyed without encumbrance to The Homeowners Association of the Bright Leaf Estates

Subdivision, an additional vacant lot presently owned by Tyler and Tyler, Inc., a corporation solely owned by Jerry Tyler.

Jerry Tyler further agrees for the term of his natural life to a permanent disqualification from any direct or indirect management position or participation in any sewage treatment facility. Such permanent disqualification shall not preclude ownership of corporate shares in the corporation to be formed by the Homeowners Association which will own the sewage treatment facility or by virtue of real estate holdings, but shall preclude exercise of any voting rights pertaining thereto, to include the selection of directors, other corporate officers, assessments or any other management matter submitted to shareholders. Such disqualification shall be personal to Jerry Tyler, individually and beneficially, but shall not preclude exercise of future participation or voting rights by any unrelated successor in interest.

B.L.S.T., Inc. and Jerry Tyler agree to publish in a newspaper of general circulation an advertisement in a form and size acceptable to the United States making a public apology for the environmental violations charged in the indictment.

It is agreed between the parties that the restitution and special assessments are to be completed at the time of sentencing or as soon thereafter as may be practicable.

6. The United States hereby agrees that upon the Court's acceptance of the pleas of guilty as set forth above, the United States will move the Court to dismiss the remaining counts of the

indictment herein at the time of sentencing as to B.L.S.T., Inc. and all counts as to Jerry Tyler, individually.

7. It is further understood and agreed by all parties to this agreement that:

The Court is not bound by the terms of this Agreement and may reject the same;

The Court may order, pursuant to 18 U.S.C., Section 3663, in addition or in lieu of any other penalty authorized by law, that the defendant make restitution to any victim of the offense;

The defendant reserves the right to bring to the attention of the Court, prior to or at the time of the imposition of the sentence, any and all relevant evidence in mitigation of sentence;

The United States expressly reserves the right to speak to the Court at the time of sentencing pursuant to Rule 32(a)(1) of the Federal Rules of Criminal Procedure. The United States further reserves the right to provide to the Court and to the United States Probation Office a statement of facts relating to all of the criminal conduct for which B.L.S.T., Inc. was responsible; and further reserves the right to correct and comment on any misstatements of fact made by the defendant or defendant's counsel in the course of the presentence investigation or in the course of the sentencing or other proceedings; and

The government shall make known to the Court, prior to or at the time of sentencing, the total extent of the defendants'



cooperation with the government or lack thereof, if appropriate in the opinion of the United States of America.

8. The United States agrees not to bring any additional criminal charges against the defendants based upon evidence in the possession of the United States at the time of this agreement and arising out of the defendants' conduct within the Eastern District of Kentucky, unless the defendants breach this plea agreement.

9. It is understood that this Plea Agreement does not and cannot bind the United States Attorney's Offices in any other districts or any state agency concerning any other matters possibly being investigated or prosecuted in any districts other than the Eastern District of Kentucky or by any state agency.

10. All parties hereto understand and agree that all statements and testimony made by the defendant Tyler must be truthful and that this agreement does not preclude the prosecution of the defendant for the offenses of perjury or making false declarations relating to such statements or any testimony rendered pursuant to this plea agreement.

11. A violation of any part of this agreement by the defendants will result in this entire agreement being null and void at the option of the United States. In the event that this agreement becomes null and void as a result of the actions of the defendants, it is understood and agreed that the United States may, at its discretion, reinstate the charges now pending against the defendants, and/or seek an indictment for any and all violations of federal law, including charges of perjury or giving false

statements. If the defendants breach this plea agreement, the defendants expressly acknowledge the right of the United States to institute charges against the defendants arising out of the above-described breach.

12. By subscription to this plea agreement, the defendants and defendants' attorneys acknowledge that the defendants understand the within agreement and that this agreement has been fully explained to the defendants and the defendants' entry into this agreement is free and voluntary.

10/8/91  
Date

Jerry L. Tyler  
Jerry Tyler, Defendant

Oct. 8, 1991  
Date

Thomas E. Clay  
for Richard Clay  
Attorney for Defendant,  
Jerry Tyler

Date 10/8/91

Jerry Tyler  
B.L.S.T., Inc.  
Jerry Tyler, Sole Shareholder

Oct. 8, 1991  
Date

Thomas E. Clay  
Thomas E. Clay  
Attorney for Defendant,  
B.L.S.T., Inc.

KAREN CALDWELL  
UNITED STATES ATTORNEY

October 8, 1991  
Date

BY: Peter M. Davenport  
Peter M. Davenport  
Assistant U.S. Attorney

PMD/rlo

MAVO INCORPORATED

P.S.C. Ky. No. .... 1 .....

Cancels P.S.C. Ky. No. ....

MAVO, INC. (BRIGHTLEAF SEWAGE TREATMENT PLANT)

OF

HARRODSBURG, KENTUCKY

Rates, Rules and Regulations for Furnishing  
SEWER SERVICE

AT

SOUTHERN PORTION OF MERCER COUNTY

(KNOWN AS BRIGHTLEAF ESTATES)

<p><b>CHECKED</b> Public Service Commission</p> <p>JUL 15 1982</p> <p>by <i>B Jones</i></p> <p>RATES AND TARIFFS</p>
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Filed with PUBLIC SERVICE COMMISSION OF  
KENTUCKY

ISSUED..... May 24 ....., 19 82 .....

EFFECTIVE..... July 29 ....., 19 71 .....

ISSUED BY..... MAVO, INC. ....  
(Name of Utility)

BY *Louise J. Nolan*  
*Secretary & Treasurer*

FOR BRIGHTLED  
Community, Town or City

P.S.C. NO. 1

Original SHEET NO. 1

CANCELLING P.S.C. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

MAVO, INC.

\_\_\_\_\_ of Issuing Corporation

CLASSIFICATION OF SERVICE

	RATE PER UNIT
Single Family Residential	Note (A)
Multi-Family (Per Dwelling)	Note (A)
Commercial	Note (A)

Note (A). Rates are charged at 50% (fifty percent) of customers water bill of Lake Village Water Association, Inc. Rates are as follows:

First	1,000 gallons	\$6.00
Next	2,000 gallons	2.25 per 1,000
Next	1,500 gallons	1.75 per 1,000
Next	1,500 gallons	1.25 per 1,000
Over	6,000 gallons	1.00 per 1,000

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JUL 29 71<sup>c.k.</sup>

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

BY: Camp Lee

DATE OF ISSUE

5-24-82

DATE EFFECTIVE

7-29-81

SUED BY

William "W" Nolan  
Name of Officer

TITLE

Secretary & Treasurer

Issued by authority of an Order of the Public Service Commission of Kentucky  
Case No. \_\_\_\_\_ dated \_\_\_\_\_

FOR Brightleaf Estates

P.S.C. Ky. No. 1

Original        Sheet No. 2

Cancelling P.S.C. Ky. No.       

       Sheet No.       

MAVO, INC.

RULES AND REGULATIONS

This schedule of Rules and Regulations governs the furnishing of sewage service by MAVO, INC. (BRIGHTLEAF SEWAGE TREATMENT PLANT) herein-after referred to as the Utility and applies to all service received from the Utility. No employee or individual director of the Utility is permitted to make an exception to Rates, Rules or Regulations. All Rules and Regulations are to be in effect so long as they are not in conflict with Public Service Commission Rules and Regulations. The Utility is further subject to all Rules and Regulations of the Commission even though not contained herein.

REVISIONS

These Rules and Regulations may be revised, amended, supplemented or otherwise changed from time to time subject to approval of the Public Service Commission, and shall have the same force as the present Rules and Regulations.

SERVICE AREA

The Utility furnishes sewage service to BRIGHTLEAF ESTATES located at SOUTHERN PORTION in        County, Kentucky.

**STAMPED**  
MERGED Service Commission  
JUL 15 1982  
by B. Jones  
RATES AND TARIFFS

AVAILABILITY

Sewer service is available to any domestic, commercial or industrial consumer within the Utility's area.

SUBSTANCES NOT TO BE DISCHARGED INTO SEWERS

No substances shall be placed or discharged into the sanitary sewer system which will create a combustible, gaseous, explosive or inflammable condition in such sewer system nor shall any substances or objects be placed or discharged into the sewer system which will not dissolve and which will thus cause an obstruction and clogging within the system. No petroleum products shall be placed or discharged into the sewer system.

No storm water or surface water drain shall be connected with the sanitary sewer system nor shall any storm or surface water be otherwise introduced

DATE OF ISSUE 5-24-82  
North " Day Year

DATE EFFECTIVE 7 29 71  
Month Day Year

ISSUED BY [Signature] Name of Officer Secretary & Treasurer Title Box-344 Harrodsburg Address  
Ky. 40330  
40330

FOR BRIGHTLEAF ESTATES

P.S.C. Ky. No. 1

Original Sheet No. 3

Cancelling P.S.C. Ky. No. \_\_\_\_\_

Sheet No. \_\_\_\_\_

MAVO, INC.

RULES AND REGULATIONS

into the sewer system.

SEWER FAILURE

The Utility is responsible for sewer failure only when in control of the Utility's employees. No consumer is paid damages for equipment unless such damages are specifically found to be caused by an act of negligence on the part of the Utility or its employees.

PROTECTION BY CONSUMER

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

NOTICE OF TROUBLE

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

MAINTENANCE

The Utility may at any time deemed necessary, suspend sewer service to any consumer or consumers for the purpose of making repairs, changes or improvements upon any part of its system. The Utility shall give reasonable notice of such suspension of service to the consumer.

The Utility shall be responsible for the maintenance of that portion of the service line installed by the Utility and the consumer shall be responsible for the maintenance of that portion thereof installed by the consumer.

CONNECTION CHARGES

A. Normal Connections:

Normal connections to existing sewer lines shall be made without charge for a prospective consumer who shall apply for and contract to use service for one (1) year or more and provides a guarantee for such service. Any

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Public Service Commission  
JUL 15 1982  
by B. G. Mus  
RATES AND TARIFFS

DATE OF ISSUE 5-24-82  
Month Day Year

DATE EFFECTIVE 7 29 71  
Month Day Year

ISSUED BY Quentin J. Volant - Secy. Treas. - Box - 344 Harrodsburg, Ky.  
Name of Officer Title Address

40330

FOR BRIGHTLEAF ESTATES

P.S.C. Ky. No. 1

Original Sheet No. 4

Cancelling P.S.C. Ky. No. \_\_\_\_\_

Sheet No. \_\_\_\_\_

MAVO INC.

RULES AND REGULATIONS

such connection made at the property line of a prospective customer shall be classified as a normal connection.

B. Other Connections:

The charges for connections made for the purpose of land development or for any party that will not be committed to the payment of a monthly rate in accordance with the established rate schedule as approved by the Public Service Commission are subject to negotiation between the Utility and the party requesting the connection. Any such connection that will affect the rate paid by any consumer of this Utility shall be subject to the approval of the Public Service Commission.

LINE RELOCATIONS

When necessary to move or relocate facilities, the cost will be paid by party or parties requesting such relocation.

BILLING, COLLECTION, PENALTIES

Bills for sewage service furnished by the sewer system will be mailed no later than the 15th day of each month and will be due and payable within 15 days ~~(or by the XXXXXXXXXXXXX day of the following XXXXXXXX)~~ A 10 % late payment penalty charge will be applicable after the due date of any account.

DEPOSITS

The Utility may require from any customer or applicant for service a cash deposit or other guaranty to secure payment of bills not to exceed two-twelfths (2/12) of the estimated annual bill of such customer or applicant where bills are rendered monthly, or three-twelfths (3/12) of the estimated annual bill where bills are rendered bimonthly, or four-twelfths (4/12) of the estimated annual bill where bills are rendered quarterly. Interest at the rate of six percent (6%) per annum will be paid on deposits so required, accruing from the date of deposit.

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Public Service Commission  
JUL 15 1982  
by B. Jones  
RATES AND TARIFFS

DATE OF ISSUE 5-24-82  
Month Day Year

DATE EFFECTIVE 7 29 71  
Month Day Year

ISSUED BY Arthur J. Dolan - Sec'y & Treas - Box-344, Harrodsburg, Ky. 40330  
Name of Officer Title Address



FOR BRIGHTLEAF ESTATES

P.S.C. Ky. No. 1

Original Sheet No. 5

Cancelling P.S.C. Ky. No. \_\_\_\_\_

Sheet No. \_\_\_\_\_

MAVO, INC.

RULES AND REGULATIONS

DISCONTINUANCE OF SERVICE BY UTILITY

The utility may refuse or discontinue service to an applicant or customer, after proper notice, for failure to comply with its rules and regulations or state and municipal rules and regulations, when a customer or applicant refuses or neglects to provide reasonable access to the premises, for fraudulent or illegal use of service, or for nonpayment of bills. If discontinuance is for non-payment of bills, the customer shall be given at least forty-eight (48) hours written notice, separate from the original bill, and cut-off shall be effected not less than twenty (20) days after the mailing date of the original bill unless, prior to discontinuance, a residential customer presents to the utility a written certificate, signed by a physician, registered nurse, or public health officer, that such discontinuance will aggravate an existing illness or infirmity on the affected premises, in which case discontinuance may not be effected until the affected resident can make other living arrangements or until not less than ten (10) days elapse from the date of the Utility's notification. When a dangerous condition is found to exist on the customer's or applicant's premises, the service shall be cut off without notice or refused.

CHECKED  
Public Service Commission  
JUL 15 1982  
by B. Jones  
RATES AND TARIFFS

DATE OF ISSUE \_\_\_\_\_ DATE EFFECTIVE 7 29 71  
Month Day Year Month Day Year

ISSUED BY Louis J. Tolson - Secy + Treas. Title Box 344 Harrodsburg, Address Ky. 40330  
Name of Officer