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NEWS RELEASE

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PSC OKs Abandonment of Two Daviess Co. Sewer Systems *Cedar Hills and Friendly Park systems to remain in operation pending appointment of regional sewer agency as receiver*

FRANKFORT, Ky. (April 11, 2016) – The Kentucky Public Service Commission (PSC) has authorized the abandonment of two small sewer systems in Daviess County but is taking steps to provide for uninterrupted service to their customers.

In orders issued today, the PSC directed Cedar Hills Disposal Sanitation Corp. and Friendly Park Development Inc. to remain in operation pending an orderly takeover of operations by the Regional Water Resource Agency (RWRA), which is the agency that provides wastewater collection and treatment in Daviess County.

Cedar Hills and Friendly Park serve subdivisions in the Owensboro area. Cedar Hills has 119 customers; Friendly Park has 69.

The utilities filed abandonment requests with the PSC on March 30, 2015. The two utilities, although operating separately, share the same owner and operator.

In their abandonment requests, the utilities stated that they have been losing money, lack the financial means to repair deteriorating facilities and have been unable to find someone to take over the systems.

Daviess County was the only other party to the proceedings before the PSC.

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In a hearing held on Feb. 23, an RWRA official testified that the agency was willing to serve as a receiver, or temporary operator, of the Cedar Hills and Friendly Park systems if certain conditions are met.

In today's orders, the PSC said it will ask Franklin Circuit Court to appoint the RWRA as receiver for the two utilities. Until a receiver is appointed, the two utilities are to continue normal operations, the PSC said.

According to the RWRA, repairing the Cedar Hills collection system and connecting it to the RWRA system, which is about a mile away, will cost a total of about \$1.5 million. It will take about 42 months to design and complete the connection, the RWRA said.

Friendly Park is farther away from the RWRA system and connection is impractical at this time, the RWRA said. Replacing the old plant and fixing the sewer system will cost a total of about \$768,000 and will take three years, according to the RWRA.

The conditions set by the RWRA if it is to accept receivership involve the corporate status of the two utilities, wastewater discharge permits and other matters handled by the Kentucky Division of Water, and responsibility for the decommissioning of the old wastewater treatment plants.

In today's orders, the PSC found that Cedar Hills and Friendly Park had met the legal requirements for abandonment as set forth in Kentucky statutes.

The customers of the two utilities have benefitted from years of "artificially low rates" that have left the utilities with "inadequate funding to maintain or continue service," the PSC said, noting "the extreme costs" of repairing or replacing both systems.

The RWRA "is the only viable entity" to assume operation of the systems once they are placed into receivership, the PSC said. The utilities would remain under PSC jurisdiction while in receivership, but would no longer be regulated by the PSC if acquired by the RWRA.

Today's orders, other records in the case and a video of the hearing are available on the PSC website, psc.ky.gov. The case numbers are 2015-00100 (Cedar Hills) and 2015-00101 (Friendly Park).

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The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 85 employees.

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