



Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

May 8, 2012

Larry Hopper
Hendron Water District
4410 AT Massa Drive
Paducah, KY 42003

Bob Johnston
Paducah Water Works
P. O. Box 2377
Paducah, KY 42002-2377

Melissa D Yates
Denton & Keuler, LLP
555 Jefferson Street
P. O. Box 929
Paducah, KENTUCKY 42002-0929

RE: Case No. 2012-00156
Paducah Water Works
Hendron Water District
(Transfer of Control; KRS 278.218)

The Commission staff has reviewed the application reference in the above case and finds that the minimum filing requirements were on May 8, 2012. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further assistance, please contact my staff at 502-564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Linda Faulkner".

Linda Faulkner
Filings Division Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
APR 26 2012
PUBLIC SERVICE
COMMISSION

In the Matter of:

Joint Petition of the Paducah Water Works
and the Hendron Water District to Approve the
Transfer of Ownership and Control of the Hendron
Water District to the Paducah Water Works.

Case No. 2012-00156
FILED
MAY 08 2012

PUBLIC SERVICE
COMMISSION

1. JURISDICTION

The Kentucky Public Service Commission (PSC) has jurisdiction over this matter pursuant to KRS 278.015 and KRS 278.020(4).

2. PETITIONERS

a. The Paducah Water Works ("PWW") was formed in the 1930's pursuant to KRS Chapter 96. A copy of PWW's 2011 Financial Statement is attached hereto, and incorporated herein by reference as Exhibit "A."

b. The Hendron Water District ("District") is a Kentucky water district established in 1962 pursuant to KRS Chapter 74. A copy of the original ordinance establishing District is attached hereto, and incorporated herein by reference as Exhibit "B." A copy of District's 2010 Annual Report to the PSC is attached hereto, and incorporated herein by reference as Exhibit "C."

3. TRANSFER AGREEMENT

Subject to the approval of the Public Service Commission, the Kentucky Division of Water and applicable lending agencies, PWW entered into a transfer agreement with District, dated April, 16, 2012, wherein District agreed to assign and transfer to PWW its entire water distribution system consisting of all assets, rights, privileges, debts and liabilities of every nature and wheresoever situated. A true and exact copy of said agreement is attached hereto, and incorporated herein by reference as Exhibit "D."

The terms and provisions of the transfer agreement are most beneficial to the customers of District. In particular, by virtue of the transfer agreement, the customers of District will realize the following benefits:

a. District's customers are currently charged twenty percent (20%) more than PWW's water rate to its customers. This twenty percent (20%) water rate differential shall be equalized for District customers immediately upon the consummation of this transaction. Other changes regarding capital replacement and extensions are outlined in numbered paragraph 8.2 of the transfer agreement.