

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF CHARLESWOOD UTILITIES,)
INC., FOR AUTHORITY TO ACQUIRE AND)
OPERATE THE SEWAGE TREATMENT PLANT) CASE NO. 8457
OWNED BY COOPER CHAPEL SANITARY)
FACILITIES, INC.)

O R D E R

IT IS ORDERED that Charleswood Utilities, Inc., shall file an original and six copies of the following information with the Commission by March 30, 1982:

1. An income statement and balance sheet for Cooper Chapel Sanitary Facilities, Inc., dated within 90 days of the application reflecting both the separate and combined operations of the treatment plants. If said financial exhibits reflect accounting transactions relevant to the stock purchase agreement, provide an additional balance sheet dated prior to the inclusion of such accounting transactions.

2. An income statement and balance sheet for Charleswood Utilities, Inc. dated within 90 days of the application.

3. Beginning with applicable responses to items 1 and 2, provide the proposed journal entries to consummate the stock purchase agreement reflecting all entries necessary to close and open the respective books of record to achieve the response to item 4.

4. An estimated pro forma balance sheet subsequent to the consummation of the stock purchase agreement.

5. A narrative in such detail as to describe the form of business combination (merger) proposed, the method of arranging said business combination and the method of accounting for said business combination. What other methods were considered? Is this method in accordance with generally accepted accounting principles? Why was the particular method chosen? What are the advantages or disadvantages to a) the customers b) the shareholders?

6. Has all plant in service constructed from contributions in aid of construction been properly recorded on the books of record of Cooper Chapel Sanitary Facilities, Inc.? If not, provide an explanation and the original or estimated original costs of plant in service not recorded on the books.

7. Section E of the Stock Purchase Agreement refers to Exhibit B which lists outstanding liabilities. With regard to this list, breakdown these liabilities between the two sewage treatment plants.

8. Has all transfers set out in Section 7 of the Stock Purchase Agreement been placed in escrow?

9. It is the Commission's understanding that the terms of the promissory note to the order of the sellers for \$320,000 shall be void upon receipt of Commission approval, at which time permanent financing will be sought. Is this correct?

10. Has Future Federal Savings and Loan been approached by Charleswood Utilities, Inc. with regard to permanent financing?

11. If so, what terms have been reached, i.e., principal amount, rate of interest, term, method secured, and installment amount? If not, when does Charleswood Utilities Inc., anticipate making such contact?

12. Will the first stage of financing require any principal payment?

13. A portion of the permanent financing will be in the form of a second mortgage loan carried by the seller in the amount of \$60,000 at 10 percent per annum for 20 years with a balloon payment at 10 years. What will the amount of the balloon payment be? What will the installment amount be?

14. Provide copies of any loan agreements of Cooper Chapel Sanitary Facilities, Inc. outstanding at the time that the Stock Purchase Agreement was entered.

15. Is the third party agreement previously filed with the Commission by Cooper Chapel Sanitary Facilities, Inc. transferable to Charleswood Utilities, Inc.? If so, does Charleswood adopt the provisions of present third party agreement? If not, provide a valid third party agreement.

Done at Frankfort, Kentucky, this 15th day of March, 1982.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary