

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF THE AQUA)
CORPORATION FOR AUTHORITY TO)
ACQUIRE ONE HUNDRED PERCENT) CASE NO. 9392
(100%) OF THE COMMON STOCK)
OF KENTUCKY WATER SERVICE)
COMPANY, INC.)

O R D E R

On August 1, 1985, the Aqua Corporation ("Aqua") filed with the Commission an application requesting approval to acquire 100 percent of the common stock of Kentucky Water Service Company, Inc.. ("Kentucky Water").

No motions to intervene in this matter were filed nor were there any requests for a public hearing.

COMMENTARY

Kentucky Water provides service in the counties of Pulaski, Bell and Hickman, Kentucky to approximately 12,291 customers. Kentucky Water operates plants in the cities of Somerset, Middlesboro and Clinton, Kentucky. Kentucky Water currently has 65 stockholders.

DISCUSSION OF ISSUES

Aqua holds an option to purchase 100 percent of the common stock of Kentucky Water for not more than \$42 per share for each of the 128,000 shares for a total of \$5,376,000. Kentucky Water will retain the present operating manager and substantially the same employees.

Kentucky Water, under new ownership, plans to sell the Somerset water plant to the City of Somerset, and the Middlesboro water plant to the City of Middlesboro. A subsequent application shall be filed with the Commission for authority to transfer the Somerset and Middlesboro water plants to the respective cities.

SUMMARY

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

1. Aqua is ready, willing and able to acquire 100 percent of the common stock of Kentucky Water and the present Kentucky Water shareholders are ready, willing and able to transfer 100 percent of the outstanding shares of the common stock of Kentucky Water to Aqua.

2. The quality of service to the present customers of Kentucky Service will not suffer in that Kentucky Water will retain the present operating manager and substantially the same employees. Furthermore, J. David Whitehouse, president of Aqua and, under the proposed plan, the new president of Kentucky Water, has many years of business experience, especially in the water industry.

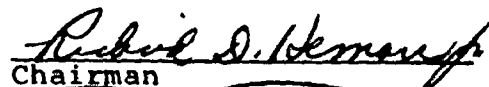
3. The agreed-upon purchase price will not be more than \$42 per share for each of the 128,000 shares for a total of \$5,376,000.

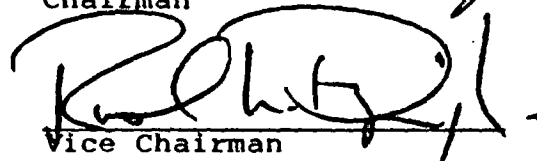
4. Kentucky Water should continue to maintain its books of account in accordance with the Uniform System of Accounts for Water Utilities prescribed by this Commission.

IT IS THEREFORE ORDERED that the transfer of 100 percent of the common stock of Kentucky Water from its current stockholders to Aqua be and it hereby is approved.

Done at Frankfort, Kentucky, this 29th day of September, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary