

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF (1) STONE NANCE, INC.)
TO DISTRIBUTE ALL OF THE STOCK OF ITS)
WHOLLY-OWNED SUBSIDIARY, GOSHEN UTILITIES,) CASE NO.
INC., AND (2) JAMES F. STONE, A SHARE-) 10363
HOLDER OF STONE NANCE, INC. TO SELL ALL)
OF HIS STOCK OF GOSHEN UTILITIES, INC.,)
TO LLOYD EADES)

O R D E R

On August 30, 1988, Stone Nance, Inc. ("Stone Nance"), and James F. Stone filed a joint application concerning the transfer of the stock of Goshen Utilities, Inc. ("Goshen"). Stone Nance seeks Commission approval to distribute its shares of Goshen to its stockholders. Mr. Stone, who will indirectly acquire shares of Goshen by that distribution, seeks Commission approval to sell his shares of Goshen to Lloyd Eades.

After reviewing the evidence of record and being advised, the Commission finds that:

1. Goshen, a corporation organized under the provisions of KRS Chapter 271A, operates a water supply and distribution system and a sewer system in northern Oldham County, Kentucky. It is, therefore, a utility as defined by KRS 278.010(3).

2. Stone Nance, a corporation organized under KRS Chapter 271A, presently owns all of the issued and outstanding stock of Goshen.

3. The Estate of Wilton F. Stone ("Estate") and the Nance Realty Company are the sole shareholders of Stone Nance. Each owns 50 percent of the issued and outstanding stock of Stone Nance.

4. Stone Nance proposes to distribute all of its stockholdings in Goshen to its shareholders. Following such distribution, the Estate and Nance Realty would each own 50 percent of the issued and outstanding shares of Goshen.

5. The proposed distribution of stock will not effect a change of ownership or control of Goshen within the meaning of KRS 278.020(4) or KRS 278.020(5). After the distribution of stock Goshen will be owned by the same persons who currently own Stone Nance. Therefore, Commission approval of the proposed stock distribution is not required.

6. James F. Stone is a beneficiary of the Estate. Upon completion of the proposed stock distribution, the Estate has agreed to distribute to James F. Stone, as a portion of the assets to be received by him from the Estate, all of the shares of Goshen stock which it acquires through the Stone Nance distribution.

7. Although neither James F. Stone nor the Estate has expressly sought approval of this transfer of Goshen stock, such a request is, by implication, contained in Mr. Stone's application.

8. Upon the transfer of Goshen stock to him by the Estate, James F. Stone proposes to sell this stock to Lloyd Eades. By this transfer, Lloyd Eades will acquire ownership of 50 percent of all Goshen's issued and outstanding stock.

9. James F. Stone currently serves as president of Goshen. He has been actively involved in the operation of Goshen for 13 years.

10. Lloyd Eades has been employed by or associated with Goshen in various capacities for the past 13 years. Since 1980 he has been involved in the day-to-day operations of the utility, including employment matters, installation and maintenance of utility lines, and purchasing. Since 1982, he has been actively involved in the major financial and management decisions of Goshen.

11. Neither transfer of stock from the Estate to James F. Stone nor from James F. Stone to Lloyd Eades will cause any change in the personnel presently operating and managing Goshen. Upon Commission approval of the proposed transfers, James F. Stone will resign as president of Goshen, but will continue to be employed by Goshen as a consultant.

12. James F. Stone and Lloyd Eades have the financial, technical, and managerial abilities to provide reasonable utility service.

13. The proposed transfers of stock from the Estate to James F. Stone and from James F. Stone to Lloyd Eades are made in accordance with law, for a proper purpose, and are consistent with the public interest.

IT IS THEREFORE ORDERED that the proposed transfers of Goshen stock from the Estate to James F. Stone and from James F. Stone to Lloyd Eades be, and they hereby are, approved.

Done at Frankfort, Kentucky, this 28th day of October, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Wemery, Jr.
Chairman

Robert M. Davis
Vice Chairman

Spencer N. Williams
Commissioner

ATTEST:

Executive Director