

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HANCOCK COUNTY PUBLIC)
IMPROVEMENT CORPORATION AND HANCOCK)
COUNTY, KENTUCKY FOR APPROVAL OF AN)
AGREEMENT OF SALE PROVIDING FOR THE)
PURCHASE BY THE EAST DAVIESS COUNTY WATER) CASE NO. 89-135
ASSOCIATION, INC. FROM HANCOCK COUNTY)
PUBLIC IMPROVEMENT CORPORATION OF THE)
CORPORATION'S EXISTING WATERWORKS)
DISTRIBUTION SYSTEM)

O R D E R

On May 18, 1989, Hancock County Public Improvement Corporation ("Hancock County") filed an application ("the Application") pursuant to KRS 278.020 requesting approval of the sale of its waterworks system to East Daviess County Water Association, Inc. ("East Daviess"), and approval of the assumption by East Daviess of certain indebtedness of Hancock County. This Order grants the approval requested.

On May 12, 1989, Hancock County and East Daviess entered into an Agreement whereby, subject to the approval of the Public Service Commission, East Daviess agreed to acquire the entire water distribution system of Hancock County. The consideration for the transfer of all water distribution assets to East Daviess is the assumption by East Daviess of all outstanding obligations and liabilities of Hancock County incurred incident to the water distribution system, and its promise to perform the covenants and

agreements of Hancock County. Specifically, East Daviess agrees to assume the indebtedness on bonds in the principle sum of \$475,000, plus accrued interest from January 9, 1989 to date, which are currently held by the United States of America, Farmers Home Administration. That agency has approved East Daviess' assumption of the bonds.

East Daviess has operated and managed Hancock County's water system since its construction. In fact, in Case No. 9331¹ the Commission granted Hancock County a Certificate of Public Convenience and Necessity to construct the water distribution facilities with the express understanding that East Daviess operate and manage the system after construction. The Commission also stated in that Order that it "strongly hopes that, after the water system's construction, Hancock County will transfer it to East Daviess as soon as this can be appropriately arranged."

The Commission finds that East Daviess has the financial, technical, and managerial abilities to provide reasonable service to the customers of Hancock County, and that the proposed transfer of Hancock County's water system to East Daviess is consistent with the requirements of KRS 278.020(4) and (5) and should be approved. It further finds that the assumption by East Daviess of

¹ Case No. 9931, The Application of Hancock County Public Improvement Corporation and the County of Hancock, (1) For a Certificate that Public Convenience and Necessity Requires the Construction of Water Distribution Facilities in a Portion of Hancock County; and (2) Seeking Approval of the Issuance of Certain Securities; and (3) For an Order Authorizing Proposed Water Service Rates and Charges.

the aforementioned indebtedness of Hancock County is consistent with the requirements of KRS 278.300 and should be approved.

IT IS THEREFORE ORDERED that:


1. The proposed transfer be and it hereby is approved.
2. East Daviess is authorized to assume the indebtedness of Hancock County as described herein.

3. Within 30 days of the date of this Order, East Daviess shall file with the Commission an adoption notice, adopting, ratifying, and making its own all rates, rules, classifications, and regulations of Hancock County Public Improvement Corporation.

Done at Frankfort, Kentucky, this 30th day of June, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director