

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF BSM, INC. AND)	
PURCHASE PUBLIC SERVICE CORPORATION, A)	
KENTUCKY CORPORATION, FOR APPROVAL OF A)	
"CONTRACT OF SALE AND PURCHASE" PROVIDING)	
FOR THE TRANSFER BY BSM, INC. OF A WASTE)	CASE NO. 92-194
WATER TREATMENT PLANT SERVICING THE)	
HIGHLAND CLUB ESTATES SUBDIVISION IN)	
GRAVES COUNTY, KENTUCKY, TO PURCHASE)	
PUBLIC SERVICE CORPORATION)	

O R D E R

On May 4, 1992, Purchase Public Service Corporation ("Purchase") and BSM, Inc. ("BSM") filed a joint application for approval of the transfer of BSM to Purchase. Appended to the joint petition as an exhibit was the agreement for the transfer of the assets owned by BSM to Purchase. Purchase was requested to supplement the filing with the names and qualifications of operating personnel and any other evidence to show that the new owners have financial, technical and managerial abilities to operate the system. Purchase supplemented the record on May 19, 1992 with a list of the wastewater treatment plants owned and operated by Purchase, the names and qualifications of Purchase's operating staff, and the year end financial statements of Purchase for the year ending December 31, 1991.

Purchase requested that the requirement of a third party beneficiary agreement be waived due to the fact that Purchase was incorporated as a non-profit, public corporation by the Purchase

Area Development District and will be operated and managed by local government officials who comprise the Board of Directors.

The May 19, 1992 filing by Purchase reflects that Purchase will employ Tim Nuckolls as its manager. Mr. Nuckolls has a degree in environmental engineering technology and holds a Class I Wastewater Certification. Purchase will further employ Angela Begley as an environmental specialist. Ms. Begley holds a degree in environmental engineering technology and holds a Class I Wastewater Certification.

After consideration of the record and being otherwise sufficiently advised, the Commission finds that Purchase has demonstrated the requisite financial, managerial, and technical abilities to provide reasonable service to the customers served by the facility in question. The Commission further finds that a third party beneficiary agreement is not necessary in this case since Purchase is a public non-profit corporation and will be managed by a Board of Directors comprised of local officials in the area served by the Purchase Area Development District.

IT IS THEREFORE ORDERED that:

1. The transfer of the sewage treatment facility formerly known as BSM, Inc. to Purchase is hereby approved.
2. The third party beneficiary agreement used to guarantee continued service by private sewer corporations shall not be required since Purchase is owned and controlled by area development district and local government officials.

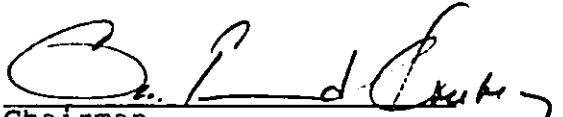
3. Within 20 days of the date of this Order, Purchase shall file its tariffs adopting the rates, rules, and regulations formerly charged by BSM.

4. In the event the transfer of the assets of BSM does not take place, Purchase shall immediately notify the Commission in writing that it will not be assuming ownership and control of BSM.

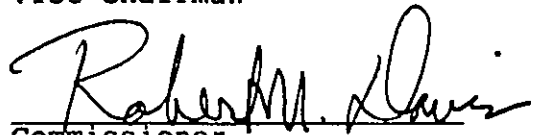
5. Within 20 days of closing, Purchase shall file with the Commission a copy of journal entries made to record the transfer.

Done at Frankfort, Kentucky, this 16th day of June, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director