

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF FEDERAL DEPOSIT)
INSURANCE CORPORATION, AS MANAGER OF THE)
FSLIC RESOLUTION FUND, AND DOE VALLEY) CASE NO. 92-467
ASSOCIATION, INC., A KENTUCKY NONSTOCK)
NONPROFIT CORPORATION, FOR THE TRANSFER)
OF THE STOCK IN DOE VALLEY UTILITIES,)
INC. FROM FEDERAL DEPOSIT INSURANCE)
CORPORATION TO DOE VALLEY ASSOCIATION,)
INC.)

O R D E R

On November 4, 1992, Doe Valley Association, Inc. ("Association") and Federal Deposit Insurance Corporation, as manager of the FSLIC Resolution Fund ("F.D.I.C."), jointly filed an application for approval of F.D.I.C.'s proposed transfer of 100 percent of the outstanding stock of Doe Valley Utilities, Inc. ("Doe Valley") to the Association pursuant to KRS 278.020(4). They also sought a determination by the Commission that upon consummation of the transfer, Doe Valley would no longer be a utility subject to the jurisdiction of the Commission.

FINDINGS OF FACT

The F.D.I.C. is a corporation organized under the laws of the United States. The Association is a Kentucky nonstock, nonprofit corporation. Doe Valley is a Kentucky corporation.

To finance the purchase of stock of Doe Valley, the Association will obtain a loan in the amount of \$99,000.00 from

Farmers Deposit Bank of Brandenburg ("Farmers"). The stock of Doe Valley will be pledged to Farmers as collateral for the loan.

Pursuant to KRS 278.020(4), persons under the jurisdiction of the Commission are required to receive Commission approval prior to the acquisition or transfer of ownership or control of a utility. KRS 278.020(5) prohibits any entity from acquiring control of any utility under the jurisdiction of the Commission without prior approval.

The terms of the proposed transfer were set forth in an offer to sell letter signed by the F.D.I.C. and an acceptance letter signed by the Association and attached as exhibits to the application. The stock transfer will not result in any change or disruption of water or sewer service to Doe Valley customers. Kenneth A. Helmly of Doe Valley will continue to manage and oversee the operations of the water and sewage treatment system after the transfer. Doe Valley will also continue to employ Darrell Fackler and Steven Owens who are both licensed operators.

The Association has provided sufficient documentation to demonstrate that it has the managerial, technical, and financial resources to own, manage, and operate Doe Valley. The documentation also shows that the Association is ready, willing and able to acquire from the F.D.I.C. 100 percent of the outstanding stock in Doe Valley.

The Doe Valley Subdivision has a total of 2,095 lots. Of these, 1,411 are owned by association members. Of these, 370 lots have dwellings built on them and 34 lots are owned by mortgage

holders. The remaining 650 lots are owned by either the Doe Valley Property Owners Association or the F.D.I.C.

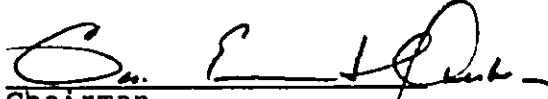
In addition to serving the residents of the subdivision, Doe Valley currently provides water service to six nonresidents of the subdivision who own property abutting it, five of whom are residential customers and one of which is an industrial customer. Homeowners associations which provide utility service only to their members as specifically set forth in their by-laws do not fall within the statutory definition of a utility and are thus not within the Commission's jurisdiction. Determining whether service is "to the public" depends on how exclusive or restrictive the membership in the association is. The Association provides service to residents who are not Association members. The Association has not indicated it will amend its bylaws to include the six nonresidents of the subdivision as members of the association.

IT IS THEREFORE ORDERED that:

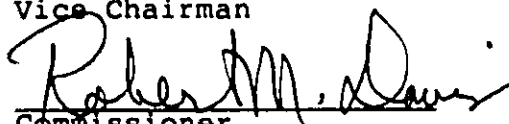
1. The proposed transfer of stock and financing be and it is hereby approved.
2. Doe Valley's request for a determination that it is not subject to the jurisdiction of the Commission be and is hereby denied.
3. The Association shall give notice to the Commission within 30 days of the closing of the proposed transfer.
4. In the event the transfer does not take place, the Association shall immediately notify the Commission in writing that it will not be assuming 100 percent stock of Doe Valley.

Done at Frankfort, Kentucky, this 17th day of December, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:



Executive Director