

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION FOR APPROVAL OF THE)
TRANSFER AND SALE OF ELAM UTILITY) CASE NO. 92-488
COMPANY)

O R D E R

This matter arises upon the December 3, 1992 filing of an application of a petition for approval of the transfer and sale of 100 percent of the stock of Elam Utility Company Inc. ("Elam") to Doug and Wilma Ison ("Purchasers") from the current owners, B.C. and Ethel Phillips ("Sellers").

The Sale and Purchase Agreement setting forth the terms of the transaction was filed with the application as was the notice of adoption of rates as required by 807 KAR 5:011, Section 11. A letter from the Department of Local Government ("DLG") was included as Exhibit 6 of the application wherein the DLG stated that, pending Commission approval, it had approved the stock transfer.

Elam is a Kentucky corporation engaged in the business of distribution and sale of natural gas in West Liberty and adjacent areas of Morgan and Wolfe counties in Kentucky. Purchasers stated in the petition that there should be minimal impact on the existing Elam customers and that no rate adjustments were being requested in this petition.

Purchasers presented evidence of their financial, managerial and technical abilities to operate the Elam system in Exhibit 4 of the application. In this exhibit it was pointed out that Mrs. Ison

has been employed by Elam since 1979 and has served as manager of the utility for the past 4 years. It was further demonstrated that Mr. Ison has the requisite technical proficiency in the areas of surveying for natural gas leaks, pipeline safety, pinpointing and repairing underground gas leaks in natural gas systems, and repairing polyethylene pipe.

The Sale Purchase Agreement calls for the Purchasers to purchase the stock of Elam for \$350,000 to be paid as follows:

- (a) \$3,500 to be paid to the Sellers at closing:
- (b) \$346,500 to be paid in 180 equal monthly principal and interest installments of \$3,514.43. Interest is to accrue at the rate of 9 percent per annum. The loan is going to be carried by the seller with the stock of Elam as the security for the loan. The sale of the stock does not encumber the utility and there is no obligation on the utility for the repayment of the loan if the Purchasers default on their repayment of their personal loan from the sellers. This sale of stock would impact the utility only to the extent that the stock would revert to the former owners if the Purchasers defaulted on the loan.

Based on the evidence of record, the Commission finds that the Purchasers, Doug and Wilma Ison, possess the financial, managerial, and technical expertise to continue to provide reasonable and adequate service to the customers served by Elam and that approval of the transfer of the stock of Elam to the Purchasers should be granted.

IT IS THEREFORE ORDERED that:

1. The transfer of the stock of Elam Utility Company, Inc. to Doug and Wilma Ison be and hereby is approved.

2. The Purchasers shall provide written notice to the Commission that the stock transfer has occurred within 10 days of closing.

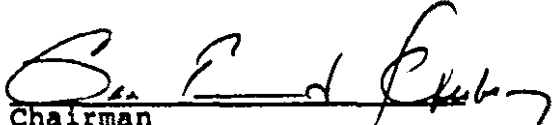
3. The Purchasers shall immediately notify the Commission in writing in the event the stock transfer does not occur.

4. The Purchasers shall file an adoption notice in accordance with 807 KAR 5:011, Section 11(1), within 20 days of the date of this Order.

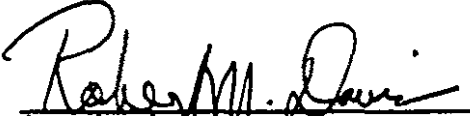
5. The Purchasers shall file tariffs on behalf of Elam in accordance with 807 KAR 5:011, Section 11(5), within 10 days after the filing of the adoption notice.

Done at Frankfort, Kentucky, this 24th day of February, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director