

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HEDGEVILLE WATER)
ASSOCIATION, INC., BOYLE COUNTY, KENTUCKY,)
FOR APPROVAL AND AUTHORIZATION OF ITS)
PROPOSED SALE AND CONVEYANCE OF ALL ITS) CASE NO. 93-232
WATER SYSTEM PROPERTIES, ASSETS, AND FUNDS)
TO THE CITY OF DANVILLE, KENTUCKY)

O R D E R

On June 30, 1993, Hedgeville Water Association, Inc. ("Hedgeville") and the city of Danville ("Danville") filed a joint application pursuant to KRS 278.020(4) for Commission approval of the transfer of Hedgeville's water distribution system, assets and funds to Danville.

Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Hedgeville currently owns and operates a water distribution system serving approximately 550 customers in the city of Danville, Boyle County, Kentucky.

2. Hedgeville is a water association formed pursuant to KRS Chapter 273.

3. Danville is a municipal corporation of the third class situated in Boyle County, Kentucky, and presently owns and operates a water distribution system.

4. By contract dated June 25, 1993, Hedgeville agreed to convey ownership of its water distribution system, assets and funds to Danville.

5. The transfer will not be a financed transaction; instead Danville agrees to assume all of Hedgeville's obligations as consideration for the acquisition of Hedgeville's property and funds. The obligation to be assumed is a promissory note from the Farmers Home Administration ("FmHA") in the original principle amount of \$359,000 secured by mortgage on Hedgeville's real property. FmHA has consented to the Assumption Agreement between the Applicants.

6. Danville's acquisition of Hedgeville's assets and assumption of Hedgeville's obligations will not interfere with or alter the daily operations of the utility.

7. Danville has the requisite financial, managerial, and technical abilities to provide reasonable service to the customers currently being served by Hedgeville and the transfer is for a proper purpose and is consistent with the public interest.

IT IS THEREFORE ORDERED that:


1. The proposed transfer is approved.
2. Hedgeville shall give written notice to the Commission within 20 days of the closing of the proposed transfer.
3. In the event the transfer of the assets and obligations of Hedgeville does not take place, Hedgeville shall notify the Commission within 20 days that it will not be transferring ownership and control to Danville.
4. Until formal closing occurs, the Commission shall retain jurisdiction over Hedgeville.

Done at Frankfort, Kentucky, this 5th day of August, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director