

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE SALE AND TRANSFER OF WATER)
DISTRIBUTION SYSTEM OWNED BY MILFORD) CASE NO. 95-533
WATER COMPANY TO THE CITY OF RICHMOND,)
KENTUCKY)

O R D E R

On November 29, 1995, Milford Water Company ("Milford"), owner and operator of a water distribution system in southern Madison County, Kentucky, filed a petition seeking the Public Service Commission's approval of the transfer of ownership and control of its water distribution system to Richmond Water, Gas, and Sewerage Works ("RWGS"). The terms of the proposed transfer were set forth in a Contract of Sale entered into by both parties, a copy of which was attached to the application. The Contract of Sale was executed on behalf of Milford by Lucy A. Martin, President of Milford, as authorized by the unanimous consent of the Board of Directors and the Shareholders of Milford by a joint resolution duly adopted by the Directors and Shareholders at a special meeting on September 26, 1995, and on behalf of RWGS by Ann L. Durham, Mayor of the City of Richmond, as approved and directed by City of Richmond Ordinance No. 95-49, adopted and enacted by the City Commission for the City of Richmond on November 21, 1995, a copy of which was attached to the application.

Milford is a privately owned corporation subject to the Commission's jurisdiction which provides water service to

approximately 947 customers in the Richmond area. RWGS is a municipal entity not subject to the Commission's jurisdiction which operates the City of Richmond's water distribution system. Milford purchases its water for distribution from RWGS.

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.

RWGS has, pursuant to 807 KAR 5:011, filed with the Commission a letter confirming that it will adopt the rates charged by Milford to its customers during the transfer period. RWGS anticipates that it may be able to lower these rates after the transfer is completed as Milford's rates are presently higher than those of RWGS.

Based on the evidence of record, the Commission finds that the proposed transfer of the Milford system is feasible, is in the public interest, is consistent with KRS 278.020(4) and (5), and will not result in diminished financial, technical, or managerial ability to provide adequate water service to the customers of the utilities.

IT IS THEREFORE ORDERED that:

1. The proposed transaction consisting of the sale of Milford to RWGS is hereby approved.

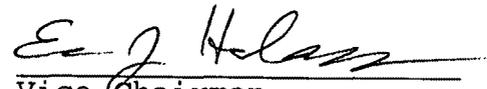
2. RWGS shall notify the Commission within ten days of the date of closing of the sale or, in the alternative, Milford shall notify the Commission if the sale does not occur.

3. Within 30 days of the date of transfer, Milford shall file with the Commission an annual report for the portion of 1996 in which it operated its water distribution system.

Done at Frankfort, Kentucky, this 26th day of January, 1996.

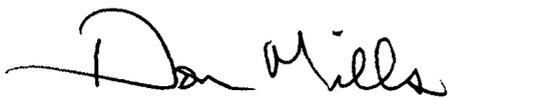
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director