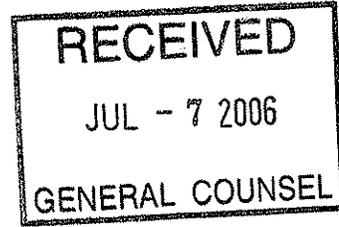




United States Department of Agriculture
Rural Development
Morehead Area Office



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PUBLIC SERVICE
COMMISSION

7/3/2006

Ms. Trish Varney
Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

Re: Loan 92-19

Dear Ms. Varney:

Case No. 2006-00173

As per the request this date from Roger Recktenwald, I am furnishing you with the outstanding balance on the above referenced loan as of 7/1/06. The loan has unpaid principal in the amount of \$161,300.00. The accumulated interest as of 7/1/06 in the amount of \$3,629.25 was paid by Mountain Water District on 6/29/06.

It is our understanding that contingent on PSC approval, this loan will be assumed by the City of Pikeville. This office is still waiting on the receipt of certain documents from the City of Pikeville needed by our Office of General Counsel to enable them to write the closing instructions for this transaction. Mr. Recktenwald is working on getting these documents to us.

If you should have any question, please call Ronnie Brooks of this office at (606) 784-6447, Ext. 117.

Sincerely,

JIMMY H. HALL
Area Director

Cc: Gerald Wuetcher, Public Service Commission, 730 Schenkel Lane,
Frankfort, KY 40602-0615
Roger Recktenwald, Veolia Water, via FAX
State Director, Rural Development, Att: Community Programs

220 West First Street • Morehead, KY 40351
Phone: (606) 784-6447 • Fax: (606) 784-2076 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

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