

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE CRITTENDEN-)
LIVINGSTON COUNTY WATER DISTRICT,)
A WATER DISTRICT ORGANIZED PURSUANT)
TO CHAPTER 74 OF KENTUCKY REVISED)
STATUTES, OF CRITTENDEN AND)
LIVINGSTON COUNTIES, KENTUCKY, FOR)
(1) A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY, AUTH-)
ORIZING AND PERMITTING SAID WATER)
DISTRICT TO ACQUIRE AND CONSTRUCT)
A NEW WATERWORKS SYSTEM, CONSISTING)
OF A WATER TREATMENT PLANT, PUMPING)
STATIONS, AND THE NECESSARY)
DISTRIBUTION SYSTEM AND LINES)
NEEDED TO SERVICE WATER TO SAID)
DISTRICT; (2) APPROVAL OF THE)
PROPOSED PLAN OF FINANCING OF SAID)
PROJECT; (3) APPROVAL OF THE WATER)
RATES PROPOSED TO BE CHARGED BY THE)
DISTRICT TO CUSTOMERS OF THE)
DISTRICT)

CASE NO. 8985

O R D E R

In its Order dated March 1, 1985, the Commission granted Crittenden-Livingston County Water District ("Crittenden-Livingston") approval of the following: (1) a certificate of public convenience and necessity, (2) the proposed plan of financing and (3) the initial water service rates. On March 5, 1986, Crittenden-Livingston requested Commission approval of additional financing in order to pay contract over-runs, interest and other costs until the plant is put into operation approximately April 1, 1986.

The additional financing will be in the form of a line of credit from a local bank which is not to exceed \$125,000. The terms of the line of credit are 10 years with an interest rate of 7 percent for the first 5-year term. At the end of the first 5-year term, Crittenden-Livingston and the bank will negotiate the rate for the second 5-year term. Crittenden-Livingston has informed the Commission that the FmHA would accept this financing arrangement upon approval of the Commission.

The Commission, after considering the application and all evidence of record and being advised, is of the opinion and finds that the proposed line of credit is for lawful objects within the corporate purpose of its utility operations, is necessary and appropriate for and consistent with the proper performance of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purposes.

IT IS THEREFORE ORDERED that:

1. Crittenden-Livingston be and it hereby is authorized to establish a line of credit not to exceed \$125,000 for a 10-year term with an interest rate of 7 percent for the initial 5-year term and an interest rate for the second 5-year term to be negotiated at the termination of the initial 5-year term.

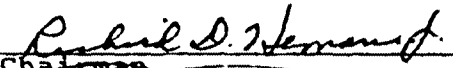
2. Crittenden-Livingston shall file a copy of the finalized loan agreement, an amortization schedule for the initial 5-year term and any written FmHA approval of the loan.

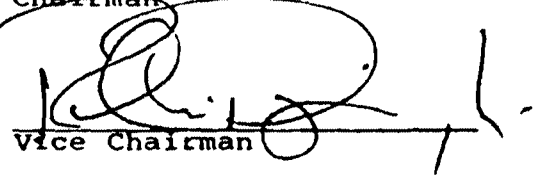
3. Crittenden-Livingston upon completion of the initial 5-year term shall file the negotiated interest rate for the second term and amortization schedule for the same term.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 2nd day of May, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary