

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPROVAL OF REFINANCING OF CAPITAL)
INDEBTEDNESS OF CORINTH WATER DISTRICT) CASE NO. 89-116

O R D E R

On May 9, 1989, Corinth Water District ("Corinth") filed its application for authority to borrow funds in an aggregate principal amount of \$100,000. The proposed borrowing is with the Bank of Williamstown at a stated interest rate of 11.5 percent and a 12 1/2 year repayment period. The proceeds of this loan, in addition to internally generated funds, would be used to retire the Farmers Home Administration ("FmHA") debt pursuant to the FmHA Discount Purchase Program. The Commission has determined that the net present value savings should total approximately \$7,307 based upon the proposed annual savings over 38 years.

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that the proposed borrowing by Corinth is for lawful objects within the corporate purposes of Corinth's utility operations. The above-described transaction is necessary, appropriate, and consistent with the proper performance of Corinth's service to the public, and will not impair its ability to perform that service.

IT IS THEREFORE ORDERED that:

1. Corinth be and it hereby is authorized to borrow funds in an aggregate principal amount not to exceed \$100,000.

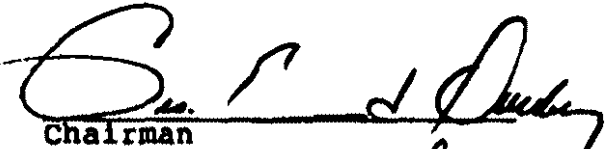
2. Corinth shall, as soon as reasonably possible after the issuance of the securities referred to herein, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting discounts or commission or other compensation, involved in the issuance and distribution.

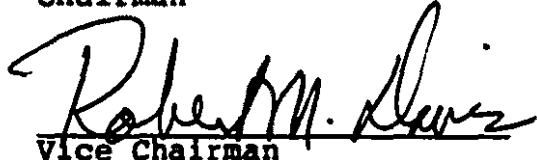
3. The proceeds from the transactions authorized herein shall be used only for the lawful purposes as set out in the application.

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

Done at Frankfort, Kentucky, this 9th day of May, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:

Executive Director


Commissioner