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February 6, 2006

Honorable William P. Croley
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206 North Second Street
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CERTIFICATE OF SERVICE

RE: Case No. 2005-00016
Oldham County Water District

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on February 6, 2006.

Executive Director

BOD/jc
Enclosure

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Phillip Ward
Superintendent
Oldham County Water District
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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF OLDHAM COUNTY WATER)
DISTRICT FOR APPROVAL OF PLANNED DE-) CASE NO. 2005-00016
ANNEXATION OF TERRITORY ON ALLEN LANE)

ORDER

Oldham County Water District ("Oldham District") has applied for Commission approval to de-annex a limited portion of its territory and transfer the customers of this territory to the LaGrange Utilities Commission. Having carefully reviewed the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Oldham District, a water district organized pursuant to KRS Chapter 74, owns and operates facilities in Oldham County, Kentucky, that serve approximately 7,071 customers.¹

2. As of December 31, 2003, Oldham District had net utility plant of \$14,944,599.² For the calendar year ending December 31, 2003, it had annual water sales of \$3,043,676.³

¹ Annual Report of Oldham County Water District to the Public Service Commission of Kentucky for the Year Ended December 31, 2003, at 27.

² Id. at 7.

³ Id. at 27.

3. LaGrange Utilities Commission provides water service to most of the areas within the corporate limits of the city of LaGrange, Kentucky and certain adjacent areas. It provides water service to approximately 2,353 customers.⁴

4. Oldham District proposes to relinquish approximately 50 acres of territory that is east of Allen Road, south of Kentucky Highway 146, west of Kentucky Highway 53, and north of Interstate Highway 71. Oldham District facilities in this area consist of approximately 3,500 linear feet of 6-inch polyvinylchloride water main. Oldham District serves approximately five customers in this area.

5. In return for Oldham District's relinquishment of this territory, the LaGrange Utilities Commission agrees to pay \$10,000 to Oldham District for all Oldham District facilities in the area and to further pay legal and surveying fees related to the de-annexation. The proposed payment will completely reimburse Oldham District for all of its facilities in the territory in question.

6. Upon de-annexation of the territory, LaGrange Utilities Commission will provide water service to the five Oldham District customers who reside in the de-annexed territory.

7. The proposed transfer of facilities will not involve any significant change to the existing configuration of Oldham District's distribution system and will not have any significant economic effect on Oldham District.

8. The proposed transfer will result in a more sensible and definite boundary between the two water providers and produce greater administrative efficiencies.

⁴ Water Resource Development Commission, Water Resource Development: A Strategic Plan, Appendix B (KIPDA Summary – Oldham County) at 5 – 6 (found at http://wrisc.ky.gov/wrdc_plan/pdfs/oldham.pdf).

9. Oldham District has published public notice of the proposed de-annexation.

10. The Oldham County Judge/Executive has held a hearing on the proposed de-annexation and has approved the de-annexation. No objections to the proposed de-annexation were presented at this hearing.

11. Oldham District's creditors have not objected to the proposed de-annexation.

12. Oldham District has not received any objections to the proposed de-annexation and transfer of customers to LaGrange Utilities Commission.

13. Those Oldham District customers whom LaGrange Utilities Commission will serve upon the de-annexation of the territory will not experience an increase in the cost of water service or a decline in the quality of service as a result in the change of suppliers.

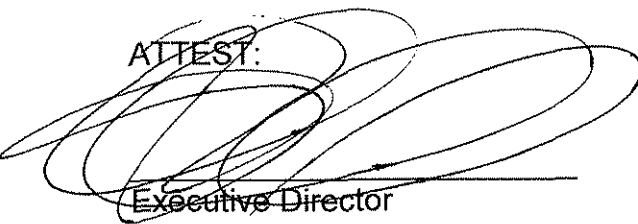
14. The proposed transfer is reasonable and consistent with the public interest.

IT IS THEREFORE ORDERED that Oldham District's proposed de-annexation of territory and transfer of customers to LaGrange Utilities Commission is approved.

Done at Frankfort, Kentucky, this 6th day of February, 2006.

By the Commission

ATTEST:


Executive Director

Case No. 2005-00016