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January 25, 2007

Honorable Ruth H. Baxter
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CERTIFICATE OF SERVICE

RE: Case No. 2006-00544
Trimble County Water District #1

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 January 25, 2007.

Executive Director

BOD/jc
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TRIMBLE COUNTY WATER DISTRICT NO.1'S)
APPLICATION FOR AUTHORITY TO ISSUE NOTE) CASE NO. 2006-00544
AND MORTGAGE PURSUANT TO KRS 278.300)

ORDER

On December 13, 2006, Trimble County Water District No. 1 ("Trimble District") applied to the Commission for the authority to issue a note payable to Farmers Bank of Milton ("Farmers Bank note") in the principal amount of \$380,000. The application did not meet the minimum filing requirements, but all deficiencies were cured and the application deemed filed as of December 28, 2006. Trimble District estimates that the proposed Farmers Bank note will have a 10-year term with an interest rate of 4.50 percent per annum.¹

Between August 24, 2005 and August 29, 2006, Trimble District spent \$379,189² constructing its new administrative building,³ which was partially funded with a \$350,000 short-term construction loan from Farmers Bank of Milton. Trimble District proposes to use the proceeds of the Farmers Bank note to refinance the outstanding

¹ Application at 6.

² Id., Exhibit B, Itemization of Costs & Expenditures for Operations and Maintenance of Facility.

³ The Kentucky General Assembly enacted legislation exempting Class A or B water districts and water associations from obtaining a certificate of public convenience and necessity for water line extension or improvement projects that cost less than \$500,000.

construction loan. Trimble District states that it will be receiving an \$80,000 grant from the Kentucky Authority Tobacco Fund, which will be applied to the outstanding principal balance of the Farmers Bank note.⁴

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Trimble District's proposal to issue the Farmers Bank note, as described herein, for the purpose of refinancing the construction loan is for a lawful object within its corporate purpose, is necessary, appropriate for and consistent with the proper performance of its service to the public, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Trimble District is authorized to obtain the Farmers Bank note to refinance its construction loan.
2. Trimble District shall, within 30 days of obtaining the Farmers Bank note authorized herein, file with the Commission a statement setting forth the date the Farmers Bank note is issued, the actual interest rate, and the principal amount.
3. The proceeds from the transaction authorized herein shall be used only for the lawful purposes specified 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.

⁴ Id. at 6.

Done at Frankfort, Kentucky, this 25th day of January, 2007.

By the Commission

ATTEST:



Executive Director