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PUBLIC SERVICE
COMMISSION

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)
AND MORTGAGE PURSUANT TO) CASE NO. 2006-00544
KRS 278.300)
)
)
)

NOTICE OF COMPLIANCE WITH ORDER

Comes Trimble County Water District No. 1, and pursuant to the Order of the Public Service Commission dated January 25, 2007 to furnish documentation evidencing the permanent construction financing approved by the Commission, states as follows:

1. The Trimble County Water District No. 1 executed its Noted (hereinafter "Note") on January 31, 2007, to the Farmers Bank of Milton for the principal sum of \$380,000.00.

A true and correct copy of the Note is attached hereto as EXHIBIT "A";

2. The Note bears interest at the rate of 4.5% per annum and is fixed for a term of sixty (60) months. Payments are made on a ten (10) year amortization schedule. The Bank can lower the interest rate at any time. After sixty (60) months the Farmers Bank of Milton has the option of increasing the interest rate and subsequent install ments would be increased or decreased to reflect the different interest rates; and,

3. There is no penalty for early prepayment of the Note.

RESPECTFULLY SUBMITTED,

CRAWFORD & BAXTER, P.S.C.

ATTORNEYS AT LAW

523 Highland Avenue

P.O. Box 353

Carrollton, Kentucky 41008

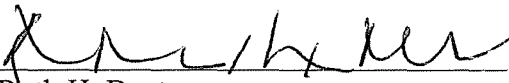
Phone: (502) 732-6688

Facsimile: (502) 732-6920

E-mail Address: CBJ523@aol.com


Attorneys for Applicant

Trimble County Water District No. 1

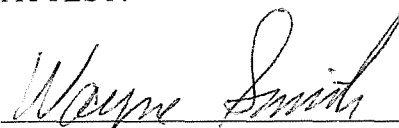
By: 
Ruth H. Baxter

VERIFICATION

Comes now, Lisa Graham, Chairperson for Trimble County Water District No. 1, and states that she has read the foregoing Notice of Compliance, and she has knowledge of the matters set forth in the foregoing Notice, that the statements set forth in the foregoing Notice are true and correct to the best of her knowledge and belief, and that she is duly authorized to sign this Notice on behalf of Trimble County Water District No. 1.


Lisa Graham, Chairperson
Trimble County Water District No. 1

ATTEST:


Wayne Smith, Secretary
Trimble County Water District No. 1

STATE OF KENTUCKY)

COUNTY OF TRIMBLE)

Myrna Sr. Perrelli
Sept, 29, 2008

Subscribed and sworn to before me by Lisa Graham, Chairperson, Trimble County
Water District No. 1, and attested by Wayne Smith, Secretary, Trimble County Water District No.
1, on this the 13th day of February, 2006.

My commission expires: Sept. 29, 2008

Myrna L. Persell, Notary Public
State at Large, Kentucky
My Commission Expires 9/25/2008

Myrna L. Persell
NOTARY PUBLIC, KY., STATE AT LARGE

NOTE

\$380,000.00

Milton, Kentucky
January 31, 2007

For value received, the undersigned, promise to pay to the order of THE FARMERS BANK OF MILTON, KY., Milton, Kentucky, the sum of THREE HUNDRED EIGHT THOUSAND DOLLARS (\$380,000.00) due and payable in 120 equal and consecutive monthly installments of \$3,938.26 each, with the first of said installments becoming due and payable on the 28th day of February, 2007, and one additional installment to become due and payable on the same day of each month thereafter until the entire principal balance has been fully paid and satisfied and with said installments applying first to interest as it accrues from month to month on the principal or principal balance, at the rate of 4.50% per annum and the balance applying to principal. The failure to pay any installment when due shall act at the option of the holder of the note to mature the entire debt then outstanding. In the event of any default, in the payment of this note and suit is brought hereon, the holder hereof shall be entitled to collect in such proceedings all reasonable costs and expenses of suit, including, but not limited to, reasonable attorneys' fees.

Provided, further, that the payee may at any time after sixty (60) months and from time to time establish a higher rate of interest. The new rate shall be substituted in all respects for the specific contract rate set out above. The rate cannot exceed a total of five (5%) percent above the contract rate set out above over the entire life of the loan. The payee may at any time establish a lower rate of interest. When a different rate of interest is established, the amount of each subsequent installment shall be increased or decreased to reflect the different interest rate without changing the date or number of such installments.

Secured by a real estate mortgage.

TRIMBLE COUNTY WATER DISTRICT NO. 1

BY: *Lisa Graham*
Lisa Graham, Chairperson

ATTEST:

Wayne Smith
Wayne Smith, Secretary

