

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTH SHELBY WATER)
COMPANY FOR AUTHORITY TO REFINANCE) CASE NO. 93-350
AN EXISTING FMHA NOTE AND MORTGAGE)

O R D E R

On September 16, 1993, the North Shelby Water Company ("North Shelby") filed its application seeking authority to borrow \$404,000 from the National Bank for Cooperatives ("National Bank"). The loan will have 10 year term and an approximate interest rate of 7.55 percent per annum.¹ The proceeds will be used to refinance an existing \$404,000 Farmers Home Administration ("FmHA") loan that has an interest rate of 9.125 percent per annum and 30 years remaining of the original 40 year term.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that North Shelby's proposed \$404,000 National Bank loan is for the lawful objects within its corporate purposes, is necessary and appropriate for and consistent with the proper performance of its service to the public, is reasonably necessary and appropriate for such purposes, and should therefore be approved.

¹ Exhibit E, New Loan Analysis.

IT IS THEREFORE ORDERED that:

1. North Shelby be and it is hereby is authorized to borrow \$404,000 from the National Bank at an interest rate of 7.55 percent.

2. North Shelby shall agree only to such terms that will result in a positive net present value savings and which are consistent with said parameters as set out in the application.

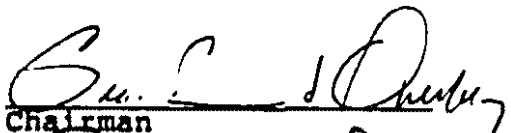
3. North Shelby shall, within 30 days after it has entered into the loan with the National Bank, file with the Commission a statement setting forth the date the loan was entered into, the amount borrowed, the interest rate, and any other fees or amounts paid in connection with the loan.

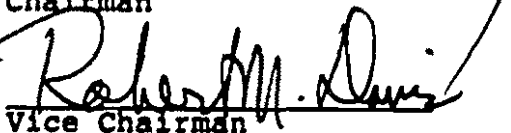
4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

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 4th day of November, 1993.

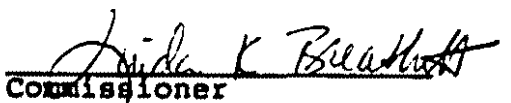
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner