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March 15, 2006

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Kentucky Home Trust Building  
450 South Third Street  
Louisville, KY 40202

CERTIFICATE OF SERVICE

RE: Case No. 2006-00070  
Warren 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 March 15, 2006.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/jc  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE WARREN COUNTY )  
WATER DISTRICT TO ISSUE SECURITIES IN )  
THE APPROXIMATE PRINCIPAL AMOUNT OF )  
\$3,294,000 FOR THE PURPOSE OF REFUNDING ) CASE NO.  
CERTAIN OUTSTANDING REVENUE BONDS OF ) 2006-00070  
THE DISTRICT PURSUANT TO THE PROVISIONS )  
OF KRS 278.300 AND 807 KAR 5:001 )

ORDER

On February 16, 2006, Warren County Water District ("Warren District") applied to the Commission for the authority to obtain a Kentucky Rural Water Finance Corporation ("KRWFC") loan in the principal amount of \$3,294,000, subject to an adjustment of up to 10 percent. Warren District estimates that the proposed KRWFC loan will have a 24 year term with interest rates varying from 3.69 to 4.70 percent per annum.

As part of its application, Warren District moves for a deviation from the provision of Administrative Regulation 807 KAR 5:001, Section 6, requiring that, "[w]henever in these rules it is provided that a financial exhibit shall be annexed to the application, the said exhibit shall cover operations for a twelve (12) month period, said period ending not more than ninety (90) days prior to the date the application is filed." However, Section 14 of that regulation permits a deviation upon the showing of good cause.

In its application, Warren District includes the financial statements for the calendar year 2004, the most recent published financial data available. In support of its request, Warren District states that there has been no change that is material in nature

in its financial condition or operation since December 31, 2004. Warren District points to the volatility of the bond market and claims that it cannot run the risk of delaying the closing of the 2006 KRWFC loan while more current financial data is compiled.

The Commission has determined that good cause for granting Warren District's requested deviation has been presented, and that there is sufficient financial information in the record to render a decision regarding the proposed bond refinancing.

The proceeds of the KRWFC loan will be used to refund the outstanding revenue bonds designated as the Warren County Water District Revenue Bonds, Series 1999 B ("1999 Series B Bonds") bearing interest rates varying from 4.65 to 5.50 percent per annum with an outstanding principal balance of \$3,290,000. The district estimates that its proposed refinancing will result in total gross savings and net present value savings of \$360,518 and \$103,721, respectively.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Warren District's proposal to obtain the KRWFC loan, as described herein, for the purpose of refinancing the 1999 Series B Bonds 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. Warren District's motion to deviate from Administrative Regulation 807 KAR 5:001, Section 6, is granted.
2. Warren District is authorized to obtain the KRWFC loan to refinance the 1999 Series B Bonds but only under such terms and conditions that will produce both positive gross savings and net present value savings.

3. If the actual terms and conditions of the KRWFC loan differ from those set forth in the application, Warren District shall, within 30 days of issuing the bonds authorized in this proceeding, file with the Commission amortization schedules and workpapers showing the actual gross savings and net present value savings that resulted from the refinancing of the Outstanding Revenue Bonds.

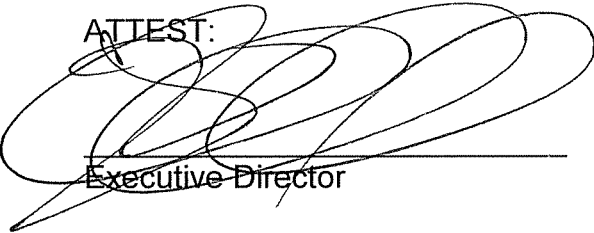
4. Warren District shall, within 30 days of obtaining the KRWFC loan authorized herein, file with the Commission a statement setting forth the date the bonds were issued, the actual interest rates, and the principal amount.

5. 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.

Done at Frankfort, Kentucky, this 15th day of March, 2006.  
By the Commission

ATTEST:



Executive Director