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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

AUG 09 2007  
PUBLIC SERVICE  
COMMISSION

In the Matter of:

THE APPLICATION FOR )  
DISCONTINUANCE OF THE ) Case No. 2007-00366  
TRI-VILLAGE WATER DISTRICT )

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APPLICATION

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1. Tri-Village Water District ("Tri-Village"), pursuant to KRS 74.367 and any other appropriate statutory and regulatory authority, requests that the Public Service Commission of Kentucky approve the discontinuance of Tri-Village. For the reasons set forth below and in *In the Matter of: The Joint Application of Kentucky-American Water Company and Tri-Village Water District for Approval of a Change in Control of Tri-Village Water District*,<sup>1</sup> which matter was filed contemporaneously herewith, the Commission should approve this request.

2. Tri-Village is a water district organized under KRS Chapter 74. Its business address is 3700 Highway 127 N, Owenton, Kentucky 40359.

3. By an Order dated June 8, 2001, in Case No. 2001-00094, Kentucky-American Water Company ("KAW") was authorized to acquire all of the tangible assets of Tri-Village devoted to the provision of water service and did so on August 2, 2001. Tri-Village remained in existence to secure a grant from the Kentucky Infrastructure Authority to build a distribution main known as the New Columbus Facility. The grant was secured, and, with a contribution from KAW, the main was built and is now co-owned by Tri-Village and KAW.

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<sup>1</sup> Tri-Village incorporates by reference in full the Joint Application filed in that matter.

4. KAW uses the main to transport water it produces from facilities it acquired from the City of Owenton to KAW customers. KAW performs all maintenance on the main and collects all revenues from customers served by the main. Tri-Village has no customers, produces no water and purchases no water. Its only assets are its share of the New Columbus Facility and approximately \$22,500 in cash.

5. The Commission's June 8, 2001, Order approved the acquisition of Tri-Village's assets, which, at that time, did not include the New Columbus Facility. Additionally, Tri-Village's Board of Commissioners now wishes to cease all operations, dissolve itself, and transfer its current cash assets – approximately \$22,5000 – to KAW, which assets will be used for the construction of a water distribution main to serve Stewarts Lane in Owen County. KAW will construct, own and operate the Stewarts Lane distribution main.

6. The transfer of the New Columbus Facility and the cash assets on hand will result in a conveyance of all assets held by Tri-Village, and, therefore, is effectively a change in control of Tri-Village as contemplated by KRS 278.020. Therefore, Tri-Village seeks approval for its discontinuance as set forth in KRS 74.367.

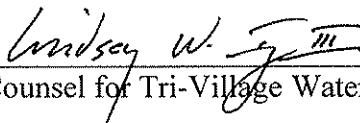
7. Kentucky American Water has proven it has the financial, technical, and managerial abilities to skillfully and efficiently operate the former Tri-Village systems since it acquired them and those abilities will be utilized in the operation and maintenance of all assets acquired in the Proposed Transaction. Likewise, KAW customers who are already being served by the New Columbus Facility by virtue of KAW's operation and maintenance of that facility will continue to be served. The transition will be seamless and unnoticed by those customers.

8. The discontinuance of Tri-Village will not adversely impact KAW's rates or its policies with respect to service to customers, employees, operations, financing, or other matters affecting the public interest or utility operations.

**WHEREFORE**, for the foregoing reasons, the Applicants respectfully request that the Commission approve this Application pursuant to KRS 74.367 and authorize the discontinuance of Tri-Village.

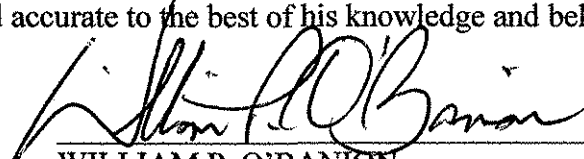
Respectfully submitted,

Lindsey W. Ingram III  
STOLL KEENON OGDEN PLLC  
300 West Vine Street, Suite 2100  
Lexington, Kentucky 40507-1801  
Telephone: (859) 231-3000


BY:   
Counsel for Tri-Village Water District

**VERIFICATION**

William P. O'Banion, after having been duly sworn, states that he is County Judge Executive for Owen County, Kentucky and the Appointing Authority of the Tri-Village Water District Board, that he is authorized to make this verification on behalf of Tri-Village Water District, that he has read the contents of the foregoing Application and hereby verifies that the statements contained therein are true and accurate to the best of his knowledge and belief.

  
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WILLIAM P. O'BANION

Subscribed and sworn to before me this the 2<sup>nd</sup> day of August, 2007.

  
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NOTARY PUBLIC, State at Large, Kentucky  
My Commission expires: 8-29-2010