



Steven L. Beshear
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Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
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David L. Armstrong
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John W. Clay
Commissioner

September 26, 2008

Honorable Deborah T. Eversole
Attorney at Law
Stoll Keenon Ogden, PLLC.
2000 PNC Plaza
500 W Jefferson Street
Louisville, KY 40202-2828

CERTIFICATE OF SERVICE

RE: Case No. 2008-00338
Cow Creek Gas, Inc.

I, Stephanie Stumbo, 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 September 26, 2008.

A handwritten signature in cursive script that reads "Stephanie Stumbo".

Executive Director

SS/rs
Enclosure



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Jerome A. Kanney
Cow Creek Gas, Inc.
P. O. Box 3385
Pikeville, KY 41502

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF COW CREEK)
GAS, INC. FOR AN ORDER) CASE NO. 2008-00338
AUTHORIZING FINANCING)

O R D E R

On August 15, 2008, Cow Creek Gas, Inc. ("Cow Creek") filed an application for authority to enter into a loan agreement for \$350,000. This loan is to be used to obtain permanent financing for the bulk of the cost of the acquisition of certain assets of the Sigma Gas Corporation ("Sigma Gas").¹ Cow Creek proposes to borrow \$350,000 from Citizens National Bank of Pikeville, Kentucky, for a term of 120 months, at a rate of New York Prime plus 0.75 percent. The collateral for the loan consists of a first security lien on the assets of the former Sigma Gas purchased by Cow Creek. The initial purchase in bankruptcy of the assets of Sigma Gas by Cow Creek was funded by two one-year, nine-percent loans from Cow Creek's owner/operators, Jerome Kanney and Dennis Rohrer. The total aggregate amount of this funding was \$375,000, which is due by January 8, 2009.

Cow Creek requests authority to enter into this loan transaction by September 30, 2008 to take advantage of the proposed loan commitment which is conditioned upon formal approval by the Commission.

¹ On August 26, 2008, the Commission approved Cow Creek's request to incorporate by reference the entire record in Case No. 2007-00419, Application of DLR Enterprises, Inc. and Cow Creek Gas, Inc. for Approval of the Transfer of Certain Assets Formerly Owned and Controlled by Sigma Gas Corporation (Final Order dated November 21, 2007).

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the proposed loan transaction as set out in Cow Creek's application is for lawful objects within Cow Creek's corporate purposes, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public, will not impair its ability to perform that service, is reasonable, necessary, and appropriate for such purposes, and should be approved.

IT IS THEREFORE ORDERED that:

1. Cow Creek is authorized to enter into the proposed loan agreement with Citizens National Bank in the amount of \$350,000 under the terms and conditions set forth in the application.
2. The proceeds from the proposed loan should be used only for the lawful purposes specified in Cow Creek's application.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein approved.

Done at Frankfort, Kentucky, this 26th day of September, 2008.

By the Commission

ATTEST:


Executive Director