

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY)
UTILITIES, INC., COUNTY OF FLOYD)
AND FLOYD COUNTY WATER AND GAS)
SYSTEM FOR APPROVAL OF ISSUANCE OF)
REVENUE BONDS BY FLOYD COUNTY)
PURSUANT TO CHAPTER 58 (SECTIONS) CASE NO. 9725
58.010 TO 58.140 INCLUSIVE) IN NAME)
OF FLOYD COUNTY WATER AND GAS)
SYSTEM AND FIXING A RATE SUFFICIENT)
TO AMORTIZE SAID REVENUE BONDS AND)
APPROVAL OF CONSTRUCTION)

O R D E R

On October 31, 1986, East Kentucky Utilities, Inc., ("EKU") and its owner, the Floyd County Water and Gas System ("Floyd County"), filed a joint application requesting the Commission's authorization for Floyd County to issue revenue bonds in the sum of \$1,000,000. The applicants have requested loan assistance from Farmers Home Administration ("FmHA").

On August 3, 1987, EKU filed a status report which consisted primarily of correspondence between the applicants and FmHA. Included within the status report was a Notice of Preapplication Review Action from FmHA dated July 13, 1987. The Review Action denied EKU's request due to lack of available funds, priority limitations, and lack of current State Clearinghouse Comments. EKU's status report requested that this case be held as is until FmHA approval is obtained.

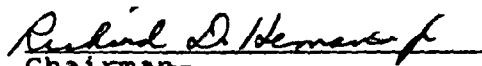
The above action by FmHA is a clear indication that its approval will not be immediately forthcoming. Disapproval based upon unavailable funding for the current fiscal year indicates that final approval is not possible for at least 3 to 4 months. Moreover, facts and circumstances have changed since October 31 of last year such that substantial amending of the application will be required before final Commission approval can be granted.


Therefore, the Commission finds that the filing of EKU and Floyd County requesting approval for the issuance of revenue bonds is premature and that an amended application should be filed at such time as the arrangements for FmHA funding are substantially complete.

IT IS THEREFORE ORDERED that this case be and hereby is dismissed without prejudice.

Done at Frankfort, Kentucky, this 15th day of September, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director