

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF AUXIER ROAD)
GAS COMPANY FOR APPROVAL) CASE NO. 2001-214
OF REFINANCING)

O R D E R

On July 16, 2001, Auxier Road Gas Company ("Auxier") filed its application for approval to refinance the remaining balance on its 1980 long-term loan from the Gas System Restoration Board ("GSRB") scheduled to mature in 2013. The balance on the existing loan at the time of application was \$254,161, with an interest rate of 5.125 percent. The anticipated interest rate on the new loan, at the time of application, was four percent. Based on discussions with the GSRB, Auxier expects to reduce its annual payment from \$29,399 to \$24,056, saving approximately \$5,300 in interest expense annually.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the proposed refinancing, which will result in savings over the existing financing, is for a lawful object within the corporate purpose of Auxier's utility operations, is necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, is reasonably necessary and appropriate for such purposes, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Auxier is authorized to enter into an agreement with GSRB to refinance its outstanding loan balance not to exceed \$254,161 and to assume certain obligations in connection therewith.
2. The proceeds from the transactions authorized herein shall be used only for the lawful purpose set out in the application.
3. Auxier shall agree only to such terms that are consistent with the parameters set out in its application and which produce net savings over the existing financing.
4. Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 20th day of August, 2001.

By the Commission

ATTEST:


Executive Director