

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FRANCIS WATER)	
COMPANY FOR APPROVAL OF A)	
PROPOSED INCREASE IN RATES,)	CASE NO.
FINANCING, AND AN INCREASE IN)	2003-00338
NON-RECURRING CHARGES)	

O R D E R

On August 31, 2004, Francis Water Company ("Francis Water") has applied, inter alia, for Commission approval to borrow \$75,000 from the Citizens National Bank in Paintsville at an interest rate of 9.0 percent to be repaid in monthly payments of \$1,556.88 over a 60-month period. Francis Water proposes to use the loan proceeds for various expenditures needed to comply with the regulatory requirements of the Kentucky Division of Water, to complete a relocation project required by the Kentucky Transportation Cabinet, to upgrade plant and equipment, and to replenish depleted materials and supplies inventories.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Francis Water's proposed financing 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. Francis Water is authorized to borrow \$75,000 from the Citizens National Bank in Paintsville for a 60-month term at a rate not to exceed 9.0 percent per annum.

2. Francis Water shall, within 30 days of executing the agreement for the proposed Citizens National Bank loan, file with the Commission a statement setting forth the date of the loan, the actual interest rate, and the actual principal amount.

3. Francis Water shall use the proceeds from the proposed loan only for the lawful purposes specified in its application.

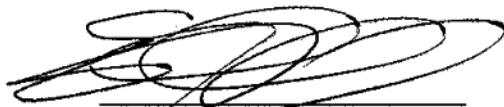
4. This Order addresses only that portion of Francis Water's application related to the issuance of evidences of indebtedness and does not address or constitute approval of any other portion of that application.

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

Done at Frankfort, Kentucky, this 4th day of November, 2004.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and flourishes, positioned above a horizontal line.

Executive Director