

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE NEBO WATER)	
DISTRICT FOR AN ORDER APPROVING)	CASE NO.
THE ISSUANCE OF SECURITIES)	2007-00015
PURSUANT TO KRS 278.300)	

ORDER

On January 9, 2007, Nebo Water District (“Nebo”) submitted its application seeking Commission authority to obtain a Kentucky Rural Water Finance Corporation (“KRWFC”) loan in the amount of \$170,000. The application was considered filed on January 18, 2007, when all filing deficiencies were cured. Nebo estimates the KRWFC loan will have a 15-year term with an effective variable interest rate of 3.640 percent to 4.010 percent per annum. The loan proceeds will be used to fund the painting of an elevated water storage tank and associated financing costs in the approximate amounts of \$160,000 and \$10,000, respectively.

In its application, Nebo requested permission to deviate from Administrative Regulation 807 KAR 5:001, Section 6, which requires that the financial data filed with the application be for a 12-month period ending within 90 days of the filing of the application. In support of its request, Nebo states that there have been no material changes in Nebo’s financial position since December 31, 2005, the date of its most recently published financial statements, and its current bids would expire by the time more recent financial statements were prepared.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. Nebo's proposed KRWFC loan 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.

2. Good cause has been shown to permit Nebo to deviate from Administrative Regulation 807 KAR 5:001, Section 6.

IT IS THEREFORE ORDERED that:

1. Nebo is authorized to obtain the KRWFC loan in the amount of \$170,000 maturing over a 15-year period with variable rates of interest ranging from 3.640 percent to 4.010 percent.

2. Nebo shall, within 30 days of obtaining the KRWFC loan authorized herein, file with the Commission a statement setting forth the date the loan was obtained, the actual interest rates, and the principal amount.

3. The proceeds from the transaction authorized herein shall be used only for the lawful purposes specified in the application.

4. All costs associated with this tank painting shall be recorded in account 186.3, Regulatory Assets as stated in the Uniform System of Accounts for Class A and B Water Districts and Associations. Amortization of this regulatory asset shall be charged to account 407.4, Amortization of Regulatory Assets, on a straight-line basis over the estimated life of the painting.

5. Nebo's request for permission to deviate from Administrative Regulation 807 KAR 5:001, Section 6, is granted.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 25th day of January, 2007.

By Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Executive Director