

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE MUHLENBERG)	
COUNTY WATER DISTRICT TO ISSUE)	
SECURITIES IN THE APPROXIMATE)	CASE NO.
PRINCIPAL AMOUNT OF \$1,897,000)	2007-00163
PURSUANT TO THE PROVISIONS OF KRS)	
278.300 AND 807 KAR 5:001)	

ORDER

On April 20, 2007, Muhlenberg County Water District (“Muhlenberg District”) applied to the Commission for the authority to obtain a Kentucky Rural Water Finance Corporation (“KRWFC”) loan in the principal amount of \$1,897,000, subject to adjustment of up to 10 percent. Muhlenberg District estimates that the proposed KRWFC loan will have a 20-year term with interest rates varying from 3.95 to 4.65 percent per annum.¹

In 2005, Muhlenberg District obtained short-term financing from the Old National Bank and the KRWFC to fund various water system projects that have been placed in service.² On August 1, 2006, Muhlenberg District refinanced its Old National Bank and KRWFC short-term loans with a new short-term issuance (“2006 Short-Term Loan”) of \$1,750,000 that matured on February 1, 2007. On January 1, 2007, Muhlenberg District refinanced the 2006 Short-Term Loan with a new \$1,790,000 short-term debt issuance

¹ Application at 4.

² Id. at 3.

("2007 Short-Term Loan").³ Muhlenberg District proposes to use the proceeds of the KRWFC loan to refinance the outstanding balance of its 2007 Short-Term Loan.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Muhlenberg District's proposal to obtain the KRWFC loan, as described herein, for the purpose of refinancing the 2007 Short-Term 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.

IT IS THEREFORE ORDERED that:

1. Muhlenberg District is authorized to obtain the KRWFC loan to refinance its 2007 Short-Term Loan.
2. Muhlenberg District shall, within 30 days of obtaining the KRWFC loan authorized herein, file with the Commission a statement setting forth the date the KRWFC loan is issued, the actual interest rate, and the principal amount.
3. The proceeds from the transaction authorized herein shall be used only for the lawful purposes specified in the application.

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.

³ Id.

Done at Frankfort, Kentucky, this 24th day of May, 2007.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

Executive Director