

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF HARDIN COUNTY WATER)	
DISTRICT NO. 2 TO ISSUE SECURITIES IN THE)	
APPROXIMATE PRINCIPAL AMOUNT OF)	CASE NO.
\$6,070,000 FOR THE PURPOSE OF REFUNDING)	2012-00388
CERTAIN OUTSTANDING REVENUE BONDS OF)	
THE DISTRICT PURSUANT TO THE PROVISIONS)	
OF KRS 278.300 AND 807 KAR 5:001)	

ORDER

Hardin County Water District No. 2 ("Hardin District") has applied to the Commission for authority to issue water system refunding revenue bonds in the principal amount of \$6,070,000 to refund certain outstanding revenue bonds.¹

Having considered the record and being otherwise sufficiently advised, the Commission finds that:

1. On August 28, 2012, after public advertisement, Hardin District accepted competitive bids for the purchase of 6,070,000 of revenue bonds, designated as Water System Refunding Revenue Bonds, Series 2012A ("2012A Bonds").²

2. Hardin District proposes to issue and deliver 2012A Bonds on October 2, 2012.³

¹ Hardin District tendered its Application to the Commission on August 29, 2012. In its Application, it requested a deviation from 807 KAR 5:001, Section 11(2). On September 14, 2012, the Commission granted this request and accepted the Application for filing. No person or entity has sought intervention in this proceeding.

² App., ¶¶ 6 and 21.

³ *Id.* at ¶ 21.

3. The 2012A Bonds will have a 28-year term with interest rates that vary from 1 percent to 3.75 percent per annum.⁴

4. Hardin District proposes to use the proceeds from the sale of the 2012A Bonds to refund its Water System Refunding Revenue Bonds, Series 2003 ("2003 Bonds") and Series 2005A ("2005A Bonds").

5. Approximately \$3,365,000 of the 2003 Bonds remained outstanding as of December 31, 2011. These bonds bear interest rates varying between 3.5 percent and 4.625 percent per annum.⁵

6. Approximately \$2,815,000 of the 2005A Bonds remained outstanding as of December 31, 2011. These bonds bear interest at 4.375 percent.⁶

7. Hardin District estimates that its proposed refinancing will result in total gross savings and net present value savings of \$1,908,329 and \$1,028,496, respectively.⁷

8. Hardin District will expend \$6,438,712 to refund the outstanding bonds and to pay bond issuance costs.⁸

9. Hardin District's proposed bond issuance is for a lawful object within its corporate purpose, is reasonably necessary and appropriate for and consistent with the

⁴ App., Ex. 1.

⁵ App., Ex. 8 at 21

⁶ *Id.*

⁷ App., Ex. 3.

⁸ App., Ex. 2. \$61,170 (Total Underwriter's Discount) + \$73,677 (Cost of Issuance) + \$6,168,325 (Deposit to Current Refunding Fund) + \$131,387 (Deposit to Reserve Fund) + \$500 (Trustee Fee) + \$3,653 (Rounding) = \$6,438,712. The Sources of the Funds are \$6,209,955 (Bond Proceeds which includes a premium of \$139,955) + \$228,757 (Transfers from Prior Issue Debt Service Funds) = \$6,438,712.

proper performance of its service to the public, will not impair Hardin District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Hardin District is authorized to issue water system refunding revenue bonds in the amount of \$6,070,000 for the purpose of refunding the outstanding indebtedness, under the terms set forth in its Application.

2. Within 30 days of the sale and delivery of the proposed bonds, Hardin District shall file a copy of the Official Statement of the 2012A Bonds bond resolution and any documents referenced in the bond resolution that Hardin District has not previously filed with the Commission.

3. The proceeds from the sale of 2012A Bonds shall be used only for the lawful purposes specified in Hardin District's Application.

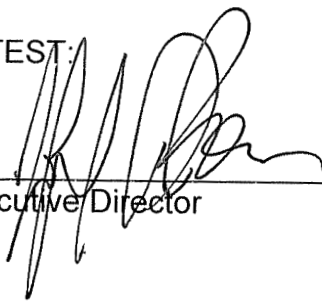
4. Any documents filed pursuant to ordering paragraph 2 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

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.

By the Commission

ENTERED *A*
SEP 24 2012
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2012-00388

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