

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST LAUREL WATER)
DISTRICT TO ISSUE SECURITIES IN THE)
APPROXIMATE PRINCIPAL AMOUNT OF)
\$1,675,000 FOR THE PURPOSE OF REFUNDING) CASE NO. 2014-00439
CERTAIN OUTSTANDING REVENUE BONDS OF)
THE DISTRICT PURSUANT TO THE PROVISIONS)
OF KRS 278.300 AND 807 KAR 5:001)

ORDER

On December 17, 2014, East Laurel Water District ("East Laurel") applied to the Commission for approval to enter into an assistance agreement with the Kentucky Rural Water Finance Corporation ("KRWFC") to borrow approximately \$1,675,000, subject to adjustment up to 10 percent, to refund existing bond indebtedness.

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

1. East Laurel proposes to execute an assistance agreement with KRWFC to borrow \$1,675,000 subject to an adjustment of up to 10 percent. The proposed loan will have a 24-year term subject to interest rates of up to 4.1 percent.¹
2. East Laurel proposes to use the proceeds from the assistance agreement to fully refund the outstanding Waterworks Revenue Bonds Series 1977, 1993, and

¹ Application, Exhibit A.

1999 that are held by the United States Department of Agriculture Rural Development in the amounts of \$81,000, \$385,000, and \$1,222,000,² respectively.

3. East Laurel estimates that its proposed refinancing will result in total gross savings and net present value savings of \$160,019 and \$109,898, respectively.³

4. East Laurel will expend \$1,779,876 to refund the outstanding bonds and to pay bond issuance costs.⁴

5. East Laurel's proposed loan is for a lawful object within its corporate purpose, is reasonably necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair East Laurel's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. East Laurel is authorized to enter into an agreement with KRWFC to borrow no more than \$1,842,500⁵ for the purpose of refunding the outstanding indebtedness, but only under such terms and conditions as will produce both positive gross savings and net present value savings.

2. If the actual terms and conditions of the agreement with KRWFC differ from those set forth in its application, East Laurel shall, within 30 days of executing the loan agreement, file with the Commission amortization schedules and work papers

² Application, Exhibit D.

³ Application, Exhibit C. The utility identifies "gross savings" and "net present value savings" as "net future value benefit" and "net present value benefit", respectively.

⁴ Application, Exhibit B. \$25,125 (Total Underwriter's Discount) + \$30,125 (Cost of Issuance) + \$1,721,273 (Deposit to Current Refunding Fund) + \$3,353 (Rounding) = \$1,779,876. The Sources of the Funds are \$1,675,000 (Par Amount of Bonds) + \$11,297 (Reoffering Premium) + \$93,579 (Existing Debt Service Funds) = \$1,779,876.

⁵ \$1,675,000 x 110% = \$1,842,500.

showing the actual gross savings and net present value savings that will result from the refinancing.

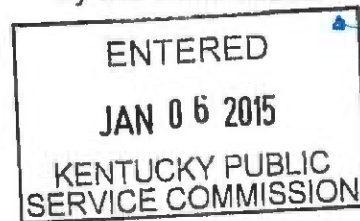
3. Within 30 days of executing the proposed agreement, East Laurel shall file a copy of the executed Assistance Agreement and any documents referenced in the executed Assistance Agreement that East Laurel has not previously filed with the Commission.

4. The proceeds from the Assistance Agreement shall be used only for the lawful purposes specified in East Laurel's application.

5. Any documents filed pursuant to ordering paragraphs 2 and 3 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



ATTEST:



Executive Director

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