

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WARREN COUNTY WATER)	
DISTRICT TO ISSUE SECURITIES IN THE)	
APPROXIMATE PRINCIPAL AMOUNT OF)	
\$2,365,000 FOR THE PURPOSE OF)	CASE NO. 2016-00134
REAMORTIZING A CERTAIN OUTSTANDING)	
LOAN OF THE DISTRICT PURSUANT TO THE)	
PROVISIONS OF KRS 278.300 AND 807 KAR 5:001)	

ORDER

On March 31, 2016, Warren County Water District (“Warren County”) applied to the Commission for approval to enter into an amended assistance agreement with the Kentucky Rural Water Finance Corporation (“KRWFC”) to issue securities in the approximate principal amount of \$2,365,000 for the purpose of re-amortizing a certain outstanding loan. After filing deficiencies were cured, Warren County’s application was accepted for filing by the Commission on April 12, 2016.

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

1. Warren County proposes to execute an amended assistance agreement with KRWFC to borrow \$2,365,000 subject to an adjustment of up to 10 percent. The proposed loan will have a 15-year term subject to interest rates that range from 2.25 percent to 3.60 percent.¹

¹ Application, Exhibit A.

2. Warren County proposes to use the proceeds from the assistance agreement to re-amortize the outstanding KRWFC Public Projects Refunding Revenue Bonds (Flexible Term Program) Series 2006A.²

3. Warren County estimates that its proposed refinancing will result in total gross savings and net present value savings of \$131,277 and \$103,889, respectively.³

4. Warren County will expend \$2,451,514 to refund the outstanding bonds and to pay bond issuance costs.⁴

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

IT IS THEREFORE ORDERED that:

1. Warren County is authorized to enter into an agreement with KRWFC to borrow no more than \$2,601,500⁵ for the purpose of re-amortizing the outstanding indebtedness, but only under such terms and conditions that 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, Warren County shall, within 30 days of executing

² *Id.* at 2.

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

⁴ *Id.*, Exhibit B. \$36,658 (Total Underwriter's Discount) + \$37,975 (Cost of Issuance) + \$2,374,110 (Deposit to Current Refunding Fund) + \$2,771 (Rounding) = \$2,451,514. The Sources of the Funds are \$2,365,000 (Par Amount of Bonds) + \$68,245 (Reoffering Premium) + \$18,268 (Transfers from Prior Issue Debt Service Funds) = \$2,451,514.

⁵ \$2,365,000 x 110% = \$2,601,500.

the loan agreement, file with the Commission amortization schedules and work papers showing the actual gross savings and net present value savings that will result from the refinancing.

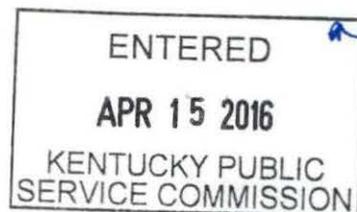
3. Within 30 days of executing the proposed agreement, Warren County shall file a copy of the executed Assistance Agreement and any documents referenced in the executed Assistance Agreement that Warren County has not previously filed with the Commission.

4. The proceeds from the Assistance Agreement shall be used only for the lawful purposes specified in Warren County'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:


Acting Executive Director

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