

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE WARREN COUNTY)
WATER DISTRICT, WARREN COUNTY,)
KENTUCKY, FOR AUTHORITY TO ISSUE) CASE NO.
CERTAIN SECURITIES AS REQUIRED BY) 98-039
KRS 278.300)

O R D E R

On January 22, 1998, the Warren County Water District ("Warren Water") submitted its application for authority to issue certain securities, as required by KRS 278.300, in the principal sum not to exceed \$6,300,000 for the purpose of refunding certain outstanding water system revenue bonds which bear interest at the rate of 7.125 percent per annum. The application was considered filed on February 11, 1998, when all filing deficiencies were cured. The bond proceeds will be used to refinance Warren Water's Series 1989A Bonds ("1989A Bonds"). Warren Water estimates the refunding will result in total gross savings exceeding \$335,000.00. The proceeds from the Series 1998 Bonds will be sufficient to deposit and invest in escrow an amount to assure payment of interest and principal on 1989A Bonds to and including July 1, 1999 (their earliest redemption date). The Series 1998 Bonds mature in various annual amounts from 1999 through 2014 and will bear interest anticipated to be between 3.75 percent and 4.55 percent. Warren Water stated the issuance of the securities will not impair its ability to perform its services and is reasonably necessary and appropriate for the stated purpose.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Warren Water's proposal to issue these bonds for purposes of refinancing its outstanding bonds is for a lawful object within Warren Water's 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. Warren Water is authorized to issue bonds for an amount not to exceed \$6,300,000.00, at an interest rate between 3.75 percent and 4.55 percent per annum.
2. Warren Water shall issue its proposed Series 1998 Bonds only on such terms that will result in a positive net present value savings and which are consistent with its application.
3. Warren Water shall, within 30 days after issuance of the securities, advise the Commission in writing of the date or dates of issuance of the securities, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting discounts or commissions, or other compensation involved in the issuance and distribution.
4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes specified in Warren Water's 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.

Done at Frankfort, Kentucky, this 19th day of February, 1998.

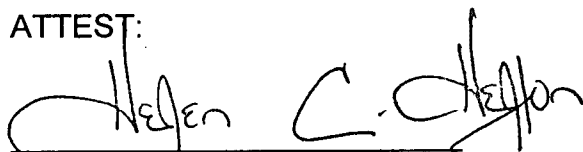
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director