

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE MOUNTAIN)	
WATER DISTRICT TO ISSUE SECURITIES IN)	
THE PRINCIPAL AMOUNT OF \$2,540,000 FOR)	
THE PURPOSE OF REFUNDING CERTAIN)	CASE NO.
OUTSTANDING REVENUE BONDS OF THE)	98-604
DISTRICT PURSUANT TO THE PROVISIONS)	
OF KRS 278.300 AND 807 KAR 5:001)	

ORDER

On November 30, 1998, Mountain Water District (Mountain) filed an application for authority to issue Mountain Water District Waterworks and Sewer Refunding Revenue Bonds, Series 1998 (1998 Bonds), as required by KRS 278.300, in the principal sum not to exceed \$2,540,000. The bond proceeds will be used to refinance Mountain Water District Waterworks Revenue Bonds of 1989 Series A and C (1989 Bonds) which carry annual interest rates of 7.125 and 9.125 percent, respectively. The 1998 Bonds mature in various annual amounts from 1999 through 2039 and will bear an approximate annual interest rate of 4.5 percent. Mountain stated that the refunding of the 1989 bonds will strengthen its financial condition by substantially reducing annual debt service payments and will not impair its ability to perform service.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Mountain s proposal to issue the 1998 Bonds to refund the 1989 Bonds is for a lawful object within Mountain s corporate purpose, is reasonably

necessary, appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Mountain is authorized to issue bonds for an amount not to exceed \$2,540,000, at an approximate annual interest rate of 4.5 percent.

2. Mountain shall issue its proposed 1998 Bonds only on such terms that will result in a positive net present value savings and which are consistent with its application.

3. Mountain 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 Mountain'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 11th day of January, 1999.

By the Commission

ATTEST:

Executive Director