

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY TURNPIKE WATER)	
DISTRICT FOR AUTHORITY TO ISSUE WATER)	
WORKS REVENUE BONDS FOR PERMANENT)	CASE NO. 99-474
FINANCING OF THE CEAR GROVE ROAD)	
TRANSMISSION MAIN)	

ORDER

Kentucky Turnpike Water District (Kentucky Turnpike) has applied for authority to issue waterworks revenue bonds in an amount not to exceed \$1,685,000 to permanently finance the Cedar Grove Road Transmission Main.

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

1. Kentucky Turnpike is a water district organized pursuant to KRS Chapter 74 and provides water service to certain areas of Bullitt County, Kentucky.
2. In 1997 Kentucky Turnpike constructed a 12-inch water transmission main that extends approximately 7.5 miles along Kentucky Highway 480. This water main is known as the Cedar Grove Road Transmission Main.
3. Total cost of constructing the Cedar Grove Road Transmission Main was \$1,520,811.¹

¹ See Case No. 99-048, Contract Filing of Kentucky Turnpike Water District with Customers Located in the Cedar Grove Area for the Supply of Water, Kentucky Turnpike s Response to the Commission s Order of August 25, 1999, Item 1.

4. To finance the construction of Cedar Grove Road Transmission Main, Kentucky Turnpike executed a construction loan in the amount of \$950,000 with the Peoples Bank of Bullitt County. This loan covered only the cost of materials and labor and did not cover other expenses associated with the construction.²

5. Kentucky Turnpike subsequently executed a bond anticipation note in the amount of \$1.545 million to PNC Bank. These notes expired on November 21, 1999. PNC has notified Kentucky Turnpike that it will not renew this note. The principal balance of the bond anticipation notes is \$1,467,750.

6. Kentucky Turnpike proposes to issue approximately \$1,685,000 in waterworks revenue bonds. The maximum maturity of these bonds is 30 years. The average interest rate on these bonds is expected to be in the range of 5.75 percent to 6.0 percent. The expected uses of the bond proceeds are set forth in Table I.

TABLE I

USES OF FUNDS	
Redeem Bond Anticipation Notes	\$1,467,750
Debt Service Reserve Fund	122,155
Fiscal, Legal, Administrative Costs	33,700
Underwriters Discount	33,700
Bond Insurance	17,987
Rating Agency	3,500
Paying Bank Agent	2,500
Contingencies/Miscellaneous	3,708
TOTAL	\$1,685,000

7. Kentucky Turnpike failed to obtain a Certificate of Public Convenience and Necessity prior to construction of the Cedar Grove Road Transmission Main.

² Case No. 99-048, Kentucky Turnpike s Response to the Commission s Order of August 26, 1999, Item 16.

8. The Commission has previously determined that the Cedar Grove Road Transmission Main is necessary for Kentucky Turnpike to meet its contractual commitments to North Nelson Water District and to provide water service to customers within Cedar Grove Road area.³

9. The proposed Series 1999 Waterworks Revenue Bonds are for a lawful object with Kentucky Turnpike's corporate purpose, are necessary, and are appropriate for and consistent with the proper performance of its service to the public.

IT IS THEREFORE ORDERED that:

1. Kentucky Turnpike is authorized to deviate from Administrative Regulation 807 KAR 5:001, Section 6, and to submit a detailed financial exhibit for a period greater than 90 days prior to the date of its application.

2. Kentucky Turnpike's application shall be deemed accepted for filing as of December 3, 1999.

3. Kentucky Turnpike is authorized to issue waterworks revenue bonds for an approximate principal amount not to exceed \$1,685,000, at an interest rate averaging between 5.75 percent and 6.00 percent per annum.

4. Kentucky Turnpike shall issue its proposed Series 1999 Waterworks Revenue Bonds only on such terms that are consistent with its application.

5. Kentucky Turnpike shall, within 30 days after issuance of the securities, advise the Commission in writing of the date or dates of the securities, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting

³ Case No. 98-398, Adjustment of the Rates of Kentucky Turnpike Water District and The Imposition of an Impact Fee (June 30, 1999) at 11.

discounts or commissions, or other compensation involved in the issuance and distribution.

6. The proceeds from the transactions authorized herein shall be used only for the lawful purposes specified in Kentucky Turnpike 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 21st day of December, 1999.

By the Commission

ATTEST:

Executive Director