

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY)	
WATER DISTRICT FOR APPROVAL TO)	CASE NO.
REFINANCE REVENUE BONDS IN THE)	2002-00468
APPROXIMATE AMOUNT OF \$1,585,000)	

O R D E R

On February 10, 2003, Northern Kentucky Water District (Northern District) filed a motion for rehearing of the Commission s Order (Order) issued on January 16, 2003. In its Order, the Commission authorized Northern District to issue bonds in an amount of \$1,585,000 at an interest rate that will vary between 1.65 to 5.10 percent per annum for the purpose of refinancing the 1995 United States Department of Agriculture Bonds (USDA Bonds). The Order limited the total gross savings and net present value savings resulting from the refinancing to at least \$347,000 and \$109,788, respectively.

According to Northern District, its application reflected estimates and projections of the amount of bonds, the savings and the bond terms. Northern District claims that market conditions, fees, and other variables outside its control can impact its estimates; accordingly, the exact amount of savings is unknown until the bonds are actually issued. Northern District asserts that the January 16, 2003 Order is so restrictive that its financial agent is concerned that he will not be able to certify that the terms of the Order would be met. Therefore, Northern District requests that the Commission recognize that the amount of the bonds, the savings and the bond terms are approximate and subject to potential changes in market conditions and revise its Order to allow flexibility in the refinancing of the bonds.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Northern District's request on rehearing should be granted.

IT IS THEREFORE ORDERED that:

1. The Order issued January 16, 2003 is hereby modified to remove the conditions set out in Ordering Paragraphs 1 and 2.
2. Northern District is authorized to issue bonds to refinance the USDA Bonds but only under such terms and conditions that will produce both positive gross savings and net present value savings.
3. Northern District shall, within 30 days of issuing the bonds authorized in this proceeding, file with the Commission amortization schedules and workpapers showing the actual gross savings and net present value savings that resulted from the refinancing of the USDA Bonds.
4. All other provisions of the January 16, 2003 Order not inconsistent herewith shall remain in full force and effect.

Done at Frankfort, Kentucky, this 18th day of February, 2003.

By the Commission

ATTEST:



Executive Director