

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE CHRISTIAN COUNTY)	
WATER DISTRICT TO ISSUE SECURITIES IN)	
THE APPROXIMATE PRINCIPAL AMOUNT OF)	
\$3,030,000 FOR THE PURPOSE OF REFUNDING)	CASE NO. 2012-00068
CERTAIN OUTSTANDING REVENUE BONDS OF)	
THE DISTRICT PURSUANT TO THE PROVISIONS)	
OF KRS 278.300 AND 807 KAR 5:001)	

ORDER

On March 13, 2012, Christian County Water District ("Christian District") applied to the Commission for approval to enter into a loan agreement with the Kentucky Rural Water Finance Corporation ("KRWFC") to borrow approximately \$3,030,000 to refinance existing long-term debt.¹

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

1. Christian District, a water district organized pursuant to KRS Chapter 74, owns and operates facilities that distribute water to approximately 5,622 customers in Christian County, Kentucky.²
2. Christian District proposes to execute an Assistance Agreement with the KRWFC to borrow \$3,030,000, subject to a 10 percent adjustment. The proposed loan

¹ Christian District tendered its application to the Commission on February 29, 2012 and requested a deviation from 807 KAR 5:001, Section 11(2)(a). The Commission granted this request on March 13, 2012 and ordered that the application be accepted for filing as of that date.

² *Report of Christian County Water District to the Kentucky Public Service Commission for the Year Ended December 31, 2010* (hereinafter "Annual Report") at 5 and 27.

will have a 27-year term with interest rates that vary from 2.00 percent to 4.30 percent per annum.³

3. Christian District proposes to use the proceeds from the loan agreement to refund the outstanding revenue bonds designated as Christian County Water District Waterworks Revenue Bonds, Series 1994 (“1994 Bonds”);⁴ and Christian County Water District Waterworks Revenue Bonds, Series 1998 (“1998 Bonds”).⁵

4. Approximately \$1,038,000 of the 1994 Bonds remains outstanding. These bonds bear interest at a rate of 4.50 percent per annum and are held by Rural Development.⁶

5. Approximately \$1,881,000 of the 1998 Bonds remains outstanding. These bonds bear interest at a rate of 4.75 percent per annum and are held by Rural Development.

6. Christian District will expend \$3,063,176 to refund the outstanding 1994 and 1998 bonds and to pay bond issuance costs.⁷

³ Application, Ex. A.

⁴ See Case No. 94-330, *In the Matter of The Application of Christian County Water District of Christian County, Kentucky, for a Certificate of Public Convenience and Necessity to Construct, Finance, and Increase Rates Pursuant to KRS 278.023* (Ky. PSC Sept. 21, 1994) (authorizing bond issuance).

⁵ See Case No. 98-324 *In the Matter of the Application of Christian County Water District of Christian County, Kentucky, for a Certificate of Public Convenience and Necessity to Construct, Finance and Increase Rates Pursuant To KRS 278.023* (Ky. PSC July 14, 1998) (authorizing bond issuance).

⁶ Rural Development is an agency of the U.S. Department of Agriculture.

⁷ Application, Ex. B. \$18,934 (Original Issue Discount) + \$45,450 (Total Underwriter’s Discount) + \$47,950 (Cost of Issuance) + \$2,949,613 (Deposit to Current Refunding Fund) + \$1,229 (Rounding Amount) = \$3,063,176. The sources of these funds are: Par Amount of Bonds (\$3,030,000) + Prior Issue Debt Service Funds (\$33,176) = \$3,063,176.

7. Christian District estimates that its proposed refinancing will result in total gross savings and net present value savings of \$280,976 and \$241,481, respectively.⁸

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

IT IS THEREFORE ORDERED that:

1. Christian District is authorized to enter into an agreement with KRWFC to borrow no more than \$3,333,000⁹ for the purpose of refunding 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, Christian District shall, within 30 days of executing 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, Christian District shall file a written statement with the Commission setting forth the date on which the agreement was entered, the actual interest rates, and the principal amount.

4. The proceeds from the transaction authorized herein shall be used only for the lawful purposes specified in Christian District's application.

⁸ *Id.*, Ex. C.

⁹ $\$3,030,000 \times 110\% = \$3,333,000$.

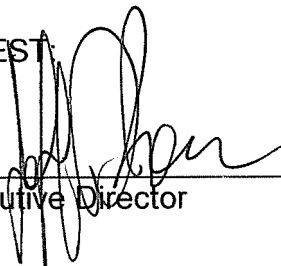
5. Any documents filed pursuant to ordering paragraphs 2 and 3 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

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

ENTERED <i>AK</i>
APR 13 2012
KENTUCKY PUBLIC SERVICE COMMISSION

ATTEST



Executive Director

Case No. 2012-00068

Honorable W. Randall Jones
Attorney at Law
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, KENTUCKY 40202

James R Owen
General Manager
Christian County Water District
1940 Dawson Springs Road
P. O. Box 7
Hopkinsville, KY 42241-0007