

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE MARION COUNTY WATER)	
DISTRICT FOR AUTHORITY TO ENTER INTO A)	CASE NO.
LOAN AGREEMENT WITH CITIZENS NATIONAL)	2013-00093
BANK OF LEBANON, KENTUCKY)	

ORDER

On March 8, 2013, Marion County Water District ("Marion District") applied to the Commission for approval to enter into a loan agreement with The Citizens National of Lebanon Bank ("CNB") to borrow approximately \$820,000 to refinance existing bond indebtedness.

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

1. Marion District proposes to execute an agreement with CNB to borrow \$820,000. The proposed loan will have a 17.5-year term with an interest rate of 3.5 percent per annum.¹

2. Marion District proposes to use the loan proceeds to retire bonds that Rural Development² holds and that are designated Rural Development Bond No. 91-08 ("Series 1992A"), Rural Development Bond No. 91-10 ("Series 1993") and Rural Development Bond No. 91-15 ("Series 2000").

¹ App. Ex. B.

² Rural Development is an agency of the U.S. Department of Agriculture.

3. Approximately \$357,000 of the Series 1992A Bonds remain outstanding.³
These bonds bear interest at a rate of 5 percent per annum.

4. Approximately \$167,000 of the Series 1993 Bonds remain outstanding.⁴
These bonds bear interest at a rate of 4.5 percent per annum.

5. Approximately \$296,000 of the Series 2000 Bonds remain outstanding.⁵
These bonds bear interest at a rate of 4.75 percent per annum.

6. Marion District estimates that the proposed refinancing will result in total gross savings of \$236,068⁶ and net present value savings of \$122,277.⁷

7. Marion District will incur \$750 in loan closing fees.⁸

8. Marion 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 Marion District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Marion District is authorized to borrow no more than \$820,000 from CNB to retire its Series 1992A, Series 1993, and Series 2000 Bonds, but only under terms

³ App. Ex. C.

⁴ *Id.*

⁵ *Id.*

⁶ Total Gross Savings	\$236,818
Less: Closing Fee	<u>(750)</u>
Net Gross Savings	<u>\$236,068</u>

⁷ Letter from William P. Thompson, President, Citizens National Bank, to Jimmy Mudd, Manager, Marion County Water District (Feb. 10, 2013).

⁸ App. Ex. B.

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 CNB differ from those set forth in its application, Marion District shall, within 30 days of executing the loan agreement, file with the Commission amortization schedules and work papers showing the actual gross savings that will result from the refinancing.

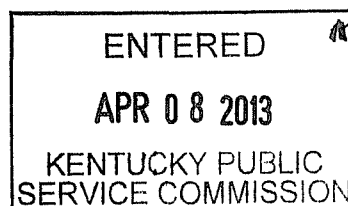
3. Within 30 days of executing the proposed agreement, Marion District shall file a copy of the executed loan agreement and any documents referenced in that agreement that Marion District has not previously filed with the Commission.

4. The proceeds from the loan agreement shall be used only for the lawful purposes specified in Marion District's application.

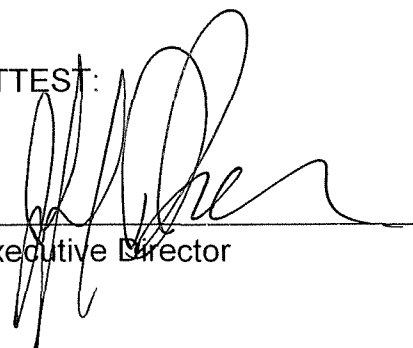
5. Any documents filed pursuant to ordering paragraphs 2 and 3 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

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



ATTEST:



Executive Director

Case No. 2013-00093

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