

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY)
WATER DISTRICT FOR APPROVAL OF RE-) CASE NO. 2013-00202
FINANCING OF OUTSTANDING BONDS)

ORDER

Northern Kentucky Water District ("Northern District") applied for authorization to issue revenue bonds in the principal amount of \$26,570,000 to refinance existing revenue bonds.

Having reviewed the evidence of record and being otherwise sufficiently advised,¹ the Commission finds that:

1. Northern District, a water district organized pursuant to KRS Chapter 74, owns and operates facilities that produce and distribute water to 80,560 retail customers in Kenton and Campbell counties, Kentucky, and that provide wholesale water service to Bullock Pen Water District, Pendleton County Water District, and the city of Walton, Kentucky.²

2. Northern District proposes to issue Refunding Revenue Bonds, Series 2013 ("2013 Refunding Bonds") in the principal amount of \$26,570,000. The proposed

¹ On May 22, 2013, Northern District filed its application with the Commission. It filed additional information to supplement its application on June 11, 2013. No persons have requested leave to intervene in this matter. Northern District has not requested a hearing in this matter. The record in this matter is complete and ready for decision.

² *Annual Report of Northern Kentucky Water District to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2012* at 5, 27 and 30.

bonds will mature over a 15-year period and have an interest rate that varies between 0.85 percent and 3.25 percent per annum.³

3. Northern District proposes to use the proceeds from the issuance of the 2013 Refunding Bonds to retire the outstanding bond in each of the bond series listed in Table I.

4. In addition to listing the bond series that the proceeds of the proposed bond issuance will retire, Table I also lists the amount of the outstanding bonds in each series, the interest rate of each series, and the Commission proceeding in which the Commission authorized the series' issuance.

TABLE I			
Series	Outstanding Bonds	Interest Rate	PSC Case in Which Authorization Granted
Northern Kentucky Water Service District Refunding Revenue Bonds, 2002 Series B	\$ 3,330,000	4.000 – 4.250	2002-00363 ⁴
Northern Kentucky Water Service District Refunding Revenue Bonds, 2003 Series A	\$ 1,235,000	3.950 – 4.600	2002-00468 ⁵
Northern Kentucky Water District Revenue Bonds, 2003 Series B	\$21,120,000	3.125 – 4.125	2002-00105 ⁶

³ Ross, Sinclair & Associates, Plan of Finance - Northern Kentucky Water District Refunding Revenue Bonds, Series 2013 (May 20, 2013) at 6 (found in Application, Ex. 1).

⁴ Case No. 2002-00363, *Application of Northern Kentucky Water District for Approval to Refinance Revenue Bonds in the Approximate Amount of \$10,765,000* (Ky. PSC Nov. 26, 2002).

⁵ Case No. 2002-00468, *Application of Northern Kentucky Water District for Approval to Refinance Revenue Bonds in the Approximate Amount of \$1,585,000* (Ky. PSC Jan. 16, 2003).

⁶ Case No. 2002-00105, *Application of Northern Kentucky Water District For (A) An Adjustment of Rates; (B) A Certificate of Convenience and Necessity for Improvements to Water Facilities if Necessary; and (C) Issuance of Bonds* (Ky. PSC Apr. 30, 2003).

5. Northern District will expend \$26,570,000 to refund the outstanding bonds and to pay bond issuance costs.⁷

6. Northern District estimates that the proposed refinancing will result in total gross savings and net present value savings of \$2,515,028 and \$2,061,566, respectively.⁸

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

IT IS THEREFORE ORDERED that:

1. Northern District is authorized to issue its proposed 2013 Refunding Bonds in a principal amount not to exceed \$26,570,000 for the purpose of refinancing the outstanding bonds in the bond series listed in Table I, but only under such terms and conditions that will produce positive gross savings and net present value savings.

2. Within 30 days of the issuance of the 2013 Refunding Bonds, Northern District shall file with the Commission a statement setting forth the 2013 Refunding Bonds' date of issuance, principal amount, and interest rates.

3. If the final terms and conditions of the 2013 Refunding Bonds differ from those set forth in the Application, Northern District shall, within 30 days of the issuance

⁷ \$26,163,699 (Deposit to Current Refunding Fund) + \$265,700 (Underwriters Discount) + \$133,100 (Costs of Issuance) + \$7,501 (Rounding Account) = \$26,570,000. See Letter from John N. Hughes, Counsel for Northern Kentucky Water District, to Jeff Derouen, Executive Director, Public Service Commission.

⁸ Ross, Sinclair & Associates, *supra* note 3, at 3.

of the 2013 Refunding Bonds, file with the Commission amortization schedules and work papers showing the actual gross savings and net present value savings that resulted from the refinancing of the bond series listed in Table I.

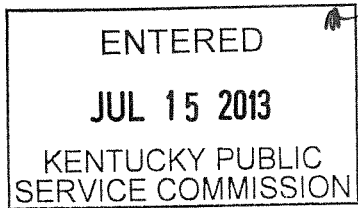
4. Within 30 days of the sale and delivery of the proposed bonds, Northern District shall file a copy of the Official Statement of the 2013 Refunding Bonds bond resolution, any documents referenced in the bond resolution that Northern District has not previously filed with the Commission, and its application to and any approval from the State Local Debt Officer.

5. The proceeds from the proposed bond issuance shall be used only for the lawful purposes specified in the Application.

6. Any documents filed pursuant to ordering paragraphs 2 through 4 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

Honorable John N Hughes
Attorney at Law
124 West Todd Street
Frankfort, KENTUCKY 40601