

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CRITTENDEN-LIVINGSTON)
COUNTY WATER DISTRICT TO ISSUE)
SECURITIES IN THE APPROXIMATE PRINCIPAL)
AMOUNT OF \$2,200,000 FOR THE PURPOSE OF) CASE NO.
REFUNDING CERTAIN OUTSTANDING REVENUE) 2013-00044
BONDS OF THE DISTRICT PURSUANT TO THE)
PROVIDSIONS OF KRS 278.300 AND 807 KAR)
5:001)

ORDER

On February 19, 2013, Crittenden-Livingston Water District ("Crittenden-Livingston District") applied to the Commission for approval to enter into a loan agreement with the Kentucky Rural Water Finance Corporation ("KRWFC") to borrow approximately \$2,200,000 to refund certain outstanding waterworks revenue bonds.¹

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

1. Crittenden-Livingston District proposes to execute an Assistance Agreement with KRWFC to borrow \$2,200,000 subject to an adjustment of up to 10 percent. The proposed loan will have a 28-year term with interest rates that vary from 2.3 percent to 4.05 percent per annum.²

¹ Crittenden-Livingston tendered its application on February 4, 2013. In its application, it requested a deviation from 807 KAR 5:001, Section 17(2)(a). On February 19, 2013, the Commission granted this request and accepted the application for filing. No person or entity has sought intervention in this proceeding.

² App. Ex. A

2. Crittenden-Livingston District proposes to use the proceeds from the loan to refund the outstanding revenue bonds held by Rural Development³ that are designated Crittenden-Livingston County Water District Water Revenue Bonds, Series 2000 B ("B Bonds") and Crittenden-Livingston County Water District Water Revenue Bonds, Series 2000 C ("C Bonds").

3. Approximately \$1,514,000 of the B Bonds remains outstanding.⁴ These bonds bear interest at a rate of 4.75 percent per annum.

4. Approximately \$610,000 of the C Bonds remains outstanding.⁵ These bonds bear interest at a rate of 4.5 percent per annum.

5. Crittenden-Livingston District estimates that its proposed refinancing will result in total gross savings and net present value savings of \$336,523 and \$188,228, respectively.⁶

6. Crittenden-Livingston District will expend \$2,226,138 to refund the outstanding bonds and to pay bond issuance costs.⁷

7. Crittenden-Livingston District's proposed loan is for a lawful object within its corporate purpose, is reasonably necessary and appropriate for and consistent with

³ Rural Development is an agency of the U.S. Department of Agriculture.

⁴ App. Ex. D.

⁵ *Id.*

⁶ App. Ex. C. The utility has identified "gross savings" and "net present value savings" as "net future value benefit" and "net present value benefit," respectively.

⁷ App. Ex. B. \$38,500 (Total Underwriter's Discount) + \$38,000 (Cost of Issuance) + \$2,147,737 (Deposit to Current Refunding Fund) + \$1,901 (Rounding) = \$2,226,138. The sources of the funds are Par Amount of Bonds (\$2,200,000); Reoffering Premium (\$3,244); and Transfers from Prior Issue Debt Service Funds (\$22,894).

the proper performance of its service to the public, will not impair Crittenden-Livingston District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Crittenden-Livingston District is authorized to enter into an agreement with KRWFC to borrow no more than \$2,420,500⁸ 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, Crittenden-Livingston 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, Crittenden-Livingston District shall file a copy of the executed Assistance Agreement and any documents referenced in the executed Assistance Agreement that Crittenden-Livingston District has not previously filed with the Commission.

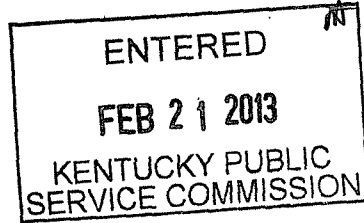
4. The proceeds from the Assistance Agreement shall be used only for the lawful purposes specified in Crittenden-Livingston District's application.

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.

⁸ $\$2,200,000 \times 110\% = \$2,420,000$.

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. 2013-00044

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