

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF HARDIN COUNTY WATER)	
DISTRICT NO. 1 FOR AUTHORIZATION TO)	
ISSUE SECURITIES IN THE APPROXIMATE)	
AMOUNT OF \$4,200,000 FOR THE PURPOSE)	CASE NO.
OF REFUNDING ITS SERIES 2005 WATER)	2016-00362
REVENUE REFUNDING BONDS PURSUANT)	
TO KRS 278.300 AND 807 KAR 5:001)	

ORDER

Hardin County Water District No. 1 (“Hardin County No. 1”) has applied for authorization to issue revenue bonds in the principle amount of \$4,200,000 to refinance existing bonds.¹ Having considered the record and being otherwise sufficiently advised, the Commission finds that:

1. Hardin County No. 1, a water district organized pursuant to KRS Chapter 74, owns and operates facilities that provide retail water service to 10,093 customers in Breckinridge, Hardin, and Meade counties, Kentucky.²

2. Hardin County No. 1 proposes to issue Water System Refunding Revenue Bonds, Series 2016 (“2016 Refunding Bonds”) in the principal amount of \$4,200,000.

¹ Hardin County No. 1 tendered its application to the Commission on October 12, 2016. The Commission accepted the application for filing on October 20, 2016. No party has sought to intervene in this proceeding.

² *Annual Report of Hardin County Water District No. 1 to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2015* at 12 and 53.

The proposed 2016 bonds will have a nine-year term with interest rates that vary between 2.0 percent and 2.25 percent per annum.³

3. Hardin County No. 1 proposes to use the proceeds of the 2016 Refunding Bonds to retire the Water System Revenue Bonds, Series 2005 ("Series 2005").⁴

4. Approximately \$4,380,000 of the Series 2005 Bonds remains outstanding. These bonds bear an interest rate of 4.125 percent per annum.⁵

5. Hardin County No. 1 will expend \$4,954,556 to refund the outstanding Series 2005 bonds and to pay bond issuance costs.⁶

6. Hardin County No. 1 estimates that its proposed refinancing will result in total gross savings and net present value savings of \$438,794 and \$386,485, respectively.⁷

7. Hardin County No. 1's proposed 2016 Refunding Bonds are for a lawful object within Hardin County No. 1's corporate purpose, are reasonably necessary,

³ Application, Exhibit No. 1.

⁴ Case No. 2004-453, Application of Hardin County Water District No. 1, For the Issuance of A Certificate of Public Convenience And Necessity with Financing (Ky. PSC Nov. 19, 2004) (authorizing bond issuance)

⁵ Application, Exhibit No. 4.

⁶ *Id.*, Exhibit No. 2. \$4,421,154 (Refunding Escrow Cash Deposit) + \$420,000 (Other Fund Deposits) + \$71,050 (Cost of Issuance) + \$42,000 (Underwriter's Discount) + \$352 (Additional Proceeds) = \$4,954,556. The sources of these funds: \$4,200,000 (Par Amount of Bonds) + \$74,202 (Premium) + \$596,131 (Transfer from Existing DSR) + \$84,223 (Transfer from Prior Sinking Fund) = \$4,954,556.

⁷ *Id.*, Exhibit No. 3.

Savings from Change in Annual Bond Payments	\$ 698,796
Less: Prior Funds on Hand	(680,355)
Add: Refunding Funds on Hand	<u>420,353</u>
Total Gross Savings	<u>\$ 438,794</u>

appropriate for, and consistent with the proper performance of its service to the public, will not impair Hardin County No. 1's ability to perform that service, and are reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Hardin County No. 1 is authorized to issue its proposed 2016 Refunding Bonds in a principal amount not to exceed a total of \$4,200,000 for the purpose of refinancing the Series 2005 Bonds, 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 2016 Refunding Bonds differ from those set forth in the application, Hardin County No. 1 shall, within 30 days of issuing the 2016 Refunding Bonds authorized in this proceeding, 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 Outstanding Revenue Bonds.

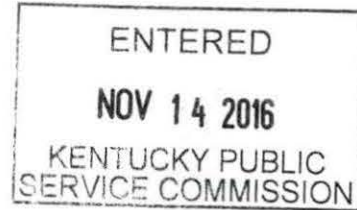
3. Hardin County No. 1 shall, within 30 days of issuing the 2016 Refunding Bonds authorized herein, file with the Commission a statement setting forth the date the 2016 Refunding Bonds were issued, the actual interest rates, and the principal amount.

4. The proceeds from Hardin County No. 1's issuance of the 2016 Refunding Bonds shall be used only for the lawful purposes specified in the 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

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