



Ernie Fletcher
Governor

Mark David Goss
Chairman

LaJuana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Teresa J. Hill
Vice Chairman

Christopher L. Lilly
Commissioner
Department of Public Protection

Gregory Coker
Commissioner

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

March 30, 2006

CERTIFICATE OF SERVICE

RE: Case No. 2006-00111
Henderson County Water District

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on March 30, 2006.

Executive Director

BOD/sh
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE HENDERSON)	
COUNTY WATER DISTRICT TO ISSUE)	
SECURITIES IN THE APPROXIMATE PRINCIPAL)	
AMOUNT OF \$4,685,000 FOR THE PURPOSE OF)	
REFUNDING CERTAIN OUTSTANDING)	CASE NO.
REVENUE BONDS OF THE DISTRICT)	2006-00111
PURSUANT TO THE PROVISIONS OF KRS)	
278.300 AND 807 KAR 5:001)	

ORDER

Henderson County Water District ("Henderson District") has applied to the Commission for the authority to obtain a Kentucky Rural Water Finance Corporation ("KRWFC") loan in the principal amount of \$4,685,000, subject to an adjustment of up to 10 percent. Henderson District estimates that the proposed KRWFC loan will have a 20-year term with interest rates varying from 3.750 to 4.375 percent per annum.

As part of its application, Henderson District moves for a deviation from the provision of Administrative Regulation 807 KAR 5:001, Section 6, requiring that, "[w]henever in these rules it is provided that a financial exhibit shall be annexed to the application, the said exhibit shall cover operations for a twelve (12) month period, said period ending not more than ninety (90) days prior to the date the application is filed." However, Section 14 of that regulation permits a deviation upon the showing of good cause.

In its application, Henderson District includes the financial statements for the 12 month period ending August 31, 2005, the most recent published financial data

In its application, Henderson District includes the financial statements for the 12 month period ending August 31, 2005, the most recent published financial data available. In support of its request, Henderson District states that there has been no change that is material in nature in its financial condition or operation since August 31, 2005. Henderson District points to the volatility of the bond market and claims that it cannot run the risk of delaying the closing of the 2006 KRWFC loan while more current financial data is compiled.

The Commission has determined that good cause for granting Henderson District's requested deviation has been presented, and that there is sufficient financial information in the record to render a decision regarding the proposed bond refinancing.

The proceeds of the KRWFC loan will be used to refund the outstanding revenue bonds designated as the Henderson County Water District Revenue Bonds, Series 1997 ("1997 Series Bonds") bearing an average coupon interest rate of 5.52 percent per annum with an outstanding principal balance of \$1,745,000. The district estimates that its proposed refinancing will result in total gross savings and net present value savings of \$227,668 and \$139,546, respectively.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Henderson District's proposal to obtain the KRWFC loan, as described herein, for the purpose of refinancing the 1997 Series Bonds is for a lawful object within its corporate purpose, is necessary, appropriate for and consistent with the proper performance of its service to the public, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Henderson District's motion to deviate from Administrative Regulation 807 KAR 5:001, Section 6, is granted.

2. Henderson District is authorized to obtain the KRWFC loan to refinance the 1997 Series Bonds but only under such terms and conditions that will produce both positive gross savings and net present value savings.

3. If the actual terms and conditions of the KRWFC loan differ from those set forth in the application, Henderson District shall, within 30 days of issuing the bonds authorized in this proceeding, file with the Commission amortization schedules and workpapers showing the actual gross savings and net present value savings that resulted from the refinancing of the Outstanding Revenue Bonds.

4. Henderson District shall, within 30 days of obtaining the KRWFC loan authorized herein, file with the Commission a statement setting forth the date the bonds were issued, the actual interest rates, and the principal amount.

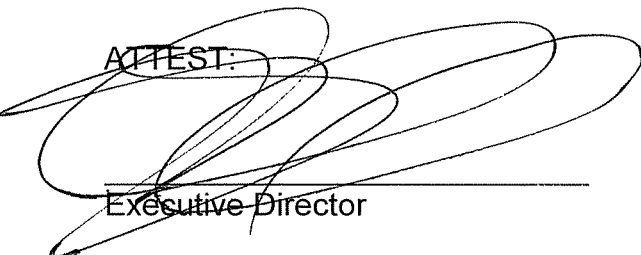
5. The proceeds from the transaction authorized herein shall be used only for the lawful purposes specified in the application.

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.

Done at Frankfort, Kentucky, this 30th day of March, 2006.

By the Commission

ATTEST:



Executive Director