

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST CLARK COUNTY WATER)	
DISTRICT TO ISSUE SECURITIES IN THE)	
APPROXIMATE PRINCIPAL AMOUNT OF)	
\$735,000 FOR THE PURPOSE OF REFUNDING)	CASE NO.
CERTAIN OUTSTANDING REVENUE BONDS OF)	2010-00150
THE DISTRICT PURSUANT TO THE PROVISIONS)	
OF KRS 278.300 AND 807 KAR 5:001)	

ORDER

On April 9, 2010, East Clark County Water District ("East Clark") applied to the Commission for the authority to obtain a Kentucky Rural Water Finance Corporation ("KRWFC") loan in the principal amount of \$735,000, subject to an adjustment of up to 10 percent. East Clark estimates that the proposed KRWFC loan will have a 20-year term with interest rates varying from 2.25 to 4.50 percent per annum.¹

As part of its application, East Clark moves for a deviation from the provision of 807 KAR 5:001, Section 6, requiring that "[w]henver 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 support of its request for a deviation from 807 KAR 5:001, East Clark states that there has been no change that is material in nature in its financial condition or

¹ Application, Exhibit A, Debt Service Schedule.

operation since December 31, 2009, the most recently published financial data available. Due to the volatility of the bond market, East Clark claims that it cannot run the risk of delaying the closing of the KRWFC loan while more current financial data is gathered.

The Commission has determined that good cause for granting East Clark's requested deviation has been presented and that there is sufficient financial information in the record to render a decision regarding the proposed financing.

The proceeds of the KRWFC loan will be used to refund the outstanding revenue bonds designated as the East Clark County Water District Waterworks Revenue Bonds, Series 2000 ("2000 Series Bonds"), bearing interest rates that vary from 5.75 to 6.10 percent per annum with an outstanding principal balance of \$770,000.² East Clark estimates that its proposed refinancing will result in total gross savings and net present value savings of \$227,421 and \$109,996, respectively.³

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that East Clark's proposal to obtain the KRWFC loan, as described herein, for the purpose of refinancing the 2000 Series Bonds is for a lawful object within its corporate purpose and is necessary, appropriate for and consistent with the proper performance of its service to the public. We further find that the financing will

² The Annual Report of East Clark County Water District to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2009 at 23.

³ Application Exhibit C, Debt Service Comparison.

not impair the utility's ability to perform its service and is reasonably necessary and appropriate for such purpose. The financing should therefore be approved.

IT IS THEREFORE ORDERED that:

1. East Clark's motion to deviate from 807 KAR 5:001, Section 6, is granted.
2. East Clark is authorized to enter an Assistance Agreement with KRWFC to borrow up to \$808,500⁴ to refinance the 2000 Series Bonds but only under such terms and conditions as 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, East Clark shall, within 30 days of issuing the KRWFC loan authorized in this proceeding, file amortization schedules and workpapers with the Commission showing the actual gross savings and net present value savings that resulted from the refinancing of the 2000 Series Bonds.
4. East Clark shall, within 30 days of obtaining the KRWFC loan authorized herein, file a statement with the Commission setting forth the date the loan was obtained, 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.
6. Any documents filed in the future pursuant to ordering paragraph 2, 3, or 4 herein shall reference this case number and shall be retained in the utility's general correspondence file.

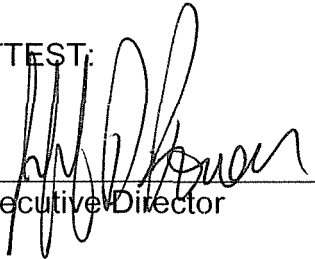
⁴ $\$735,000 \times 10\% = \$73,500 + \$735,000 = \$808,500.$

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

ENTERED
MAY 12 2010 *st*
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

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