

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE LAKE VILLAGE)	
WATER ASSOCIATION, INC., TO)	
ISSUE SECURITIES IN THE APPROXIMATE)	
PRINCIPAL AMOUNT OF \$1,515,000 FOR)	CASE NO.
THE PURPOSE OF REFUNDING CERTAIN)	2014-00445
OUTSTANDING INDEBTEDNESS OF THE)	
ASSOCIATION PURSUANT TO THE PROVISIONS)	
OF KRS 278.300 AND 807 KAR 5:001)	

ORDER

On December 23, 2014, Lake Village Water Association, Inc., (“Lake Village”) applied to the Commission for approval to enter into an assistance agreement with the Kentucky Rural Water Finance Corporation (“KRWFC”) to borrow \$1,515,000, subject to an adjustment of up to 10 percent, to refund existing indebtedness.

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

1. Lake Village proposes to execute an assistance agreement with KRWFC to borrow \$1,515,000, subject to an adjustment of up to 10 percent. The proposed loan will have a 28-year term subject to interest rates of up to 4.72 percent.¹
2. Lake Village proposes to use the proceeds from the assistance agreement to fully refund outstanding promissory notes payable to the United States Department

¹ Application, Exhibit A.

of Agriculture Rural Development that are dated February 13, 1986, April 12, 1994 (Series A and B), and October 15, 1998.²

3. Lake Village estimates that its proposed refinancing will result in total gross savings and net present value savings of \$336,725 and \$146,561, respectively.³

4. Lake Village will expend \$1,602,204 to refund the outstanding bonds and to pay bond issuance costs.⁴

5. Lake Village's proposed loan is for a lawful object within its corporate purpose, is reasonably necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair Lake Village's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Lake Village is authorized to enter into an agreement with KRWFC to borrow no more than \$1,666,500⁵ 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 The principal balance for each loan was provided in the Application at Exhibit D as summarized below.

Loan Date	Principal Balance	Identified in App. at Exh. D as:
February 13, 1986	\$ 337,813	Series 1983
April 12, 1994, Series A	623,804	Series 1992
Series B	259,397	Series 1994 B
October 15, 1998	265,752	Series 1997

³ Application, Exhibit C. The utility identifies "gross savings" and "net present value savings" as "net future value benefit" and "net present value benefit," respectively.

⁴ Application, Exhibit B. \$22,725 (Total Underwriter's Discount) + \$31,740 (Cost of Issuance) + \$1,543,586 (Deposit to Current Refunding Fund) + \$4,153 (Rounding) = \$1,602,204. The Sources of the Funds are \$1,515,000 (Par Amount of Bonds) + \$87,204 (Existing Debt Service Funds) = \$1,602,204.

⁵ \$1,515,000 x 110% = \$1,666,500.

2. If the actual terms and conditions of the agreement with KRWFC differ from those set forth in its application, Lake Village 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.

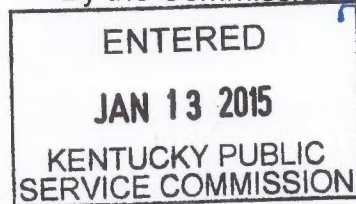
3. Within 30 days of executing the proposed agreement, Lake Village shall file a copy of the executed Assistance Agreement and any documents referenced in the executed Assistance Agreement that Lake Village has not previously filed with the Commission.

4. The proceeds from the Assistance Agreement shall be used only for the lawful purposes specified in Lake Village'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.

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

Mike Sanford
Executive Director
Lake Village Water Association, Inc.
801 Pleasant Hill Drive
P. O. Box 303
Burgin, KY 40310