

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KENTUCKY INFRASTRUCTURE AUTHORITY'S JOINT)
APPLICATION ON BEHALF OF CERTAIN WATER)
DISTRICTS FOR AUTHORITY TO BORROW FUNDS) CASE NO. 93-101
TO REFINANCE CERTAIN INDEBTEDNESS TO THE)
KENTUCKY INFRASTRUCTURE AUTHORITY)

O R D E R

On March 24, 1993, Kentucky Infrastructure Authority ("KIA") filed an application on behalf of eight water districts to request approval for the Districts to borrow funds to refinance their existing indebtedness to KIA. The outstanding debt to be redeemed and retired consists of KIA Bonds Series 1988A and 1988B. KIA represents that the refinancing will result in significant cost savings to the Districts on their existing indebtedness. The eight districts which will benefit from the refinancing proposal are Christian County Water District, North Mercer Water District, Oldham County Water District, South Hopkins Water District, Union County Water District, Webster County Water District, Caldwell County Water District, and Edmonson County Water District. KIA has requested approval by the Commission of the refinancing application on or before April 7, 1993 which is the scheduled closing date for the bond issuance.

The Districts and KIA represent the following terms related to refinancing existing indebtedness owed by the Water Districts to KIA under KIA's Community Loan Program ("the Program"):

1. The Districts' participation in the refunding under the Program will be accomplished through a proposed bond issue by KIA in an estimated amount of \$20,250,000 of which \$14,485,000 is for the refunding issue and \$5,765,000 is for a new money issue of KIA. KIA's issuance of Kentucky Infrastructure Authority Governmental Agency's Program Revenue Refunding Bonds, 1993 Series E, will provide the Districts with the funds necessary to refinance their indebtedness to KIA and thereby recognize substantial interest savings on their indebtedness.

2. The issuance of the Series E bonds will provide projected savings to the Districts. The actual amount required for refinancing each loan will be established at the time of the refunding.

3. The Districts will enter into Revised Assistance Agreements ("Revised Agreements") with KIA obligating the Districts to make payments to KIA or a trustee on behalf of KIA, in an amount sufficient to enable KIA to repay the principle and interest on the bonds.

4. KIA represents that the issuance and sale of the bonds and execution of Revised Agreements by the Districts are intended to strengthen the financial condition of the Districts by reducing their debt service payments and are necessary and appropriate for and consistent with the proper performance by the Districts of their service to the public.

5. KIA represents that the issuance of the bonds and the refinancing of the Districts' current indebtedness to KIA will

result in payments under the Revised Agreements at a lower annual effective cost than the current annual embedded cost of the Assistance Agreements to be refinanced through the proposed financing plan.

6. The Districts' execution of the Revised Agreements is for a lawful object within the Districts' corporate purposes, will not impair the Districts' ability to perform their service to the public, and is reasonably necessary and appropriate for such purpose.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the issuance of the 1993 Series E bonds for the benefit of the Districts enumerated above is for lawful objects within the Districts' corporate purposes, is necessary and appropriate for and consistent with the proper performance of the Districts' service to the public, is reasonably necessary and appropriate for such purposes, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Christian County Water District, North Mercer Water District, Oldham County Water District, South Hopkins Water District, Union County Water District, Webster County Water District, Caldwell County Water District, and Edmonson County Water District be and they hereby are authorized to participate in the Kentucky Infrastructure Authority Governmental Agency's Program Revenue Refunding Bonds 1993 Series E issuance.

2. The Districts shall agree only to such terms and prices which will result in a positive net present value savings and which are consistent with said parameters as set out in the application.

3. The Districts shall, within 30 days after the issuance of the securities referred to herein, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting discounts or commissions, or other compensation involved in the issuance and distribution.

4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out 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 7th day of April, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director