

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)	CASE NO.
BORROW FUNDS TO REFINANCE CERTAIN)	93-294
INDEBTEDNESS TO THE KENTUCKY)	
INFRASTRUCTURE AUTHORITY)	

O R D E R

On August 18, 1993, Kentucky Infrastructure Authority ("KIA") submitted an application on behalf of six water districts to request approval for the Districts to borrow funds to refinance their existing indebtedness to KIA. KIA represents that the refinancing will result in significant cost savings to the Districts on their existing indebtedness. The six districts which will benefit from the refinancing proposal are Big Sandy Water District, Bracken County Water District, East Logan Water District, Edmonson County Water District, Lyon County Water District, and Ohio County Water District. KIA has requested approval by the Commission of the refinancing application on or before September 8, 1993, which is the scheduled closing date for the bond issuance.

KIA requested a deviation from the requirements of 807 KAR 5:001, Section 6, which requires financial information current within 90 days of the filing date. In support of the deviation KIA states that the Districts have on file with the Commission 1992 Annual Reports.

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

1. The District's participation in the refunding under the Program will be accomplished through a proposed bond issue by KIA in an estimated amount of \$17,775,000 of which \$9,500,000 is for the refunding issue and \$8,225,000 is for a new money issue of KIA. KIA's issuance of Kentucky Infrastructure Authority Governmental Agencies Program Revenue Refunding Bonds, 1993 Series F, ("Series F bonds") will provide the districts with the funds necessary to allow them to refinance their indebtedness to the KIA and thereby recognize substantial interest savings on their indebtedness.

2. The issuance of the Series F 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 principal 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 District's 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:

1. KIA's deviation from the requirements of 807 KAR 5:001, Section 6 should be granted.

2. The issuance of the 1993 Series F bonds for the benefit of the Districts enumerated above is for the 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. KIA's deviation from the requirements of 807 KAR 5:001, Section 6 is hereby granted.

2. Big Sandy Water District, Bracken County Water District, East Logan Water District, Edmonson County Water District, Lyon County Water District, and Ohio County Water District be and they hereby are authorized to participate in the Kentucky Infrastructure

Authority Governmental Agencies Program Revenue Refunding Bonds, 1993 Series F issuance.

3. 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.

4. 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.

5. 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 the value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or and agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 7th day of September, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director