

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF JESSAMINE)
COUNTY WATER DISTRICT NO. 1 TO ISSUE)
SECURITIES IN THE APPROXIMATE)
PRINCIPAL AMOUNT OF \$375,000 FOR THE) CASE NO.
PURPOSE OF REFUNDING CERTAIN) 2001-161
OUTSTANDING REVENUE BONDS OF THE)
DISTRICT PURSUANT TO THE PROVISIONS)
OF KRS 278.300 AND 807 KAR 5:001)

ORDER

On May 29, 2001, Jessamine County Water District No. 1 ("Jessamine") submitted its application seeking Commission authority to obtain a loan from the Kentucky Rural Water Finance Corporation ("KRWFC") in the amount of \$375,000, subject to an adjustment of up to 10 percent. Jessamine estimates that the effective interest rate will be 5.25 percent and that the loan will have a 22-year term. However, Jessamine states that the KRWFC loan may vary from the present assumptions based upon market conditions and other business judgment factors.

As part of its application, Jessamine requested a deviation from the provision of 807 KAR 5:001, Section 14, that requires the financial data filed with the application be for a 12-month period ending within 90 days of the filing of the application. In support of its request, Jessamine states that there has been no material change that would impact its financial condition or operation since the issuance of the December 31, 2000 financial statements, the most recent published financial data available. Furthermore, because of the volatility of the bond market, Jessamine claims that it cannot run the risk

of delaying the closing of the 2001 KRWFC loan while more current financial data is compiled. Having considered Jessamine's requested deviation, the Commission has determined that good cause for granting the deviation has been presented, and that there is sufficient financial information in the record for it to render a decision regarding the proposed KRWFC loan.

The loan proceeds will be used to refund Jessamine's Waterworks System Revenue Bonds of 1986, Series A and B, dated June 4, 1987. In its June 15, 2001 filing, Jessamine revised its application to reflect the finalized loan amount of \$376,000 and a variable interest rate of 4.15 percent to 5.53 percent. Using these final amounts, Jessamine calculated total gross savings and a net present value saving of \$95,443 and \$41,998, respectively.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Jessamine's proposal to obtain a KRWFC loan of \$376,000 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. Jessamine's motion to deviate from the provision of 807 KAR 5:001, Section 14, is granted.
2. Jessamine is authorized to obtain a KRWFC loan in the amount of \$376,000 at an interest rate that will vary between 4.15 percent and 5.53 percent per annum.

3. Jessamine shall agree only to such terms that will result in a positive net present value saving and which are consistent with the parameters set out in its June 15, 2001 filing.

4. Jessamine shall, within 30 days of obtaining the KRWFC loan, file with the Commission a statement setting forth the date the loan is entered into, the actual interest rate, and the principal amount.

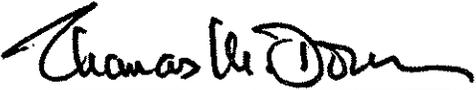
5. The proceeds from the transaction authorized herein shall be used only for the lawful purposes specified in the application.

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 as to the securities authorized herein.

Done at Frankfort, Kentucky, this 26th day of June, 2001.

By the Commission

ATTEST:



Executive Director