

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY)	
WATER DISTRICT FOR APPROVAL TO)	CASE NO.
REFINANCE REVENUE BONDS IN THE)	2002-00363
APPROXIMATE AMOUNT OF \$10,765,000)	

O R D E R

On October 1, 2002, Northern Kentucky Water District (Northern District) submitted its application seeking Commission approval to issue bonds in the principal amount of \$10,765,000. Northern District estimates that its proposed bonds will have a 24-year term with an effective variable interest rate of 3.5 to 6.00 percent per annum.

The bond proceeds will be used to refinance the Kenton County Water District No. 1, 1992 Series B bonds (Kenton Series B Bonds) in the approximate amount of \$10,765,000. Northern District estimates that its proposed refinancing will result in total gross savings and net present value savings of \$1,227,000 and \$940,000, respectively. However, Northern District states that its estimates are dependent upon market conditions and the method of refinancing.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Northern District's proposal to issue bonds in the amount of \$10,765,000 to refinance its Kenton Series B Bonds is for a lawful object within its corporate purpose, is necessary or appropriate for and consistent with the proper performance of its service to the public, and should be approved. However, the impact of any savings resulting from the refinancing of the Kenton Series B Bonds upon

Northern District's revenue requirement will be an issue for cross-examination at the scheduled hearing in Case No. 2002-00105.¹

IT IS THEREFORE ORDERED that:

1. Northern District is authorized to issue bonds in the amount of \$46,045,000 at an interest rate that will vary between 3.5 to 6.00 percent per annum for the purpose of refinancing the Kenton Series B Bonds.

2. Northern District shall agree only to such terms that will result in a positive net present value savings and are consistent with the parameters set out in its October 1, 2002 filing.

3. Northern District is authorized to issue the proposed bonds only if the total gross savings and net present value savings of the refinancing of its Kenton Series B Bonds are at least \$259,100 and \$78,941, respectively.

4. Northern District shall obtain approval from the Commission prior to using its bond proceeds for any purpose not expressly authorized by this Order.

5. Northern District shall, within 30 days of issuing the bonds authorized herein, file with the Commission a statement setting forth the date the bonds were issued, the actual interest rates, and the principal amount.

6. The impact of any savings resulting from the refinancing of the Kenton Series B Bonds on Northern District's revenue requirement shall be a subject for review and cross-examination at the hearing scheduled in Case No. 2002-00105.

¹ Case No. 2002-00105, Application of Northern Kentucky Water District for (A) an Adjustment of Rates; (B) a Certificate of Public Convenience and Necessity for Improvements to Water Facilities if Necessary; and (C) Issuance of Bonds.

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 26th day of November, 2002.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas W. [unclear]", written over a horizontal line.

Executive Director