

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HENDERSON COUNTY	)	
WATER DISTRICT TO ISSUE SECURITIES	)	
IN THE APPROXIMATE PRINCIPAL AMOUNT	)	CASE NO.
OF \$955,000 FOR THE PURPOSE OF REFUNDING	)	2003-00302
CERTAIN OUTSTANDING REVENUE BONDS OF	)	
THE DISTRICT PURSUANT TO PROVISIONS	)	
OF KRS 278.300 AND 807 KAR 5:001	)	

ORDER

On August 5, 2003, Henderson County Water District ( Henderson ) submitted its application seeking Commission authority to obtain a loan from the Kentucky Rural Water Finance Corporation ( KRWFC ) in the amount of \$955,000, subject to an adjustment of up to 10 percent. Henderson estimates the KRWFC loan will have a 12-year term with an effective variable interest rate of 1.17 to 4.42 percent per annum. However, Henderson 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, Henderson moves for a deviation from the provision of Administrative Regulation 807 KAR 5:001, Section 6, requiring that, [w]henver in these rules it is provided that a financial exhibit shall be annexed to the application, the said exhibit shall cover operations for a twelve (12) month period, said period ending not more than ninety (90) days prior to the date the application is filed. However, Section 14 of that regulation permits a deviation upon the showing of good cause.

In support of its request, Henderson states that there has been no change that is material in nature in the financial condition or operation of Henderson since August 31,

2002. In its application, Henderson uses the financial data for the 12-month period ending August 31, 2002, the most recent published financial data available. Furthermore, because of the volatility of the bond market, Henderson claims that it cannot run the risk of delaying the closing of the 2003 KRWFC loan while more current financial data is compiled. Having considered Henderson'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 along with \$405,187 of internal funds will be used to refund: (1) Henderson County Water District Water Refunding Revenue Bonds, Series 1993 dated March 1, 1993, bearing an interest rate that varies from 5.6 to 5.75 percent per annum; and (2) Henderson County Water District Water Refunding and Improvement Revenue Bonds, Series 1994 dated January 1, 1994 bearing an interest rate that varies from 4.6 to 5.2 percent per annum. Henderson estimates that its proposed refinancing will result in total gross savings and net present value savings of \$409,402 and \$11,363, respectively.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Henderson's proposed KRWFC loan 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. Henderson's motion to deviate from Administrative Regulation 807 KAR 5:001, Section 6, is granted.

2. Henderson is authorized to obtain the KRWFC loan, but only under such terms and conditions that will produce both positive gross savings and net present value savings.

3. If the actual terms and conditions of the KRWFC loan differ from those set forth in the application, Henderson shall, within 30 days of obtaining the loan authorized in this proceeding, file with the Commission amortization schedules and workpapers showing the actual gross savings and net present value savings that resulted from the refinancing of the Outstanding Revenue Bonds.

4. Henderson shall, within 30 days of obtaining the KRWFC loan authorized herein, file with the Commission a statement setting forth the date the loan was obtained, the actual interest rates, 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 thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 25<sup>th</sup> day of August, 2003.

By the Commission

ATTEST:

  
Executive Director