

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE HARDIN COUNTY)	
WATER DISTRICT NO. 2 TO ISSUE SECURITIES)	
IN THE APPROXIMATE PRINCIPAL AMOUNT OF)	
\$2,940,000 FOR THE PURPOSE OF ADVANCE)	CASE NO.
REFUNDING CERTAIN OUTSTANDING)	2004-00102
REVENUE BONDS OF THE DISTRICT)	
PURSUANT TO THE PROVISIONS OF KRS)	
278.300 AND 807 KAR 5:001)	

ORDER

On March 25, 2004, Hardin County Water District No. 2 ("Hardin No. 2") applied to the Commission for approval to issue bonds in the principal amount of \$2,940,000. Hardin No. 2's Water System Refunding Revenue Bonds, Series 2004A ("Series 2004A Bonds") will have a 20-year term with interest rates varying from 2.00 to 4.00 percent per annum.

The bond proceeds will be used to refinance the Water System Revenue Bonds, 1995 Series A ("1995 Series A Bonds") bearing interest rates varying from 5.50 to 5.90 percent per annum and an outstanding principal balance of \$2,635,000. Using the competitive bids received on March 23, 2004, Hardin No. 2 determined that its proposed refinancing would result in total gross savings and net present value savings of \$414,257 and \$210,819, respectively. According to Hardin No. 2, the proposed refinancing represents a net present value saving of approximately 8.00 percent.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Hardin No. 2's proposal to issue the Series 2004A Bonds,

as described herein, for the purpose of refinancing the 1995 Series A Bonds 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. Hardin No. 2 is authorized to issue the Series 2004A Bonds to refinance the 1995 Series A Bonds but only under such terms and conditions that will produce both positive gross savings and net present value savings.

2. If the actual terms and conditions of the Series 2004A Bonds differ from those set forth in the application, Hardin No. 2 shall, within 30 days of issuing the bonds 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.

3. Hardin No. 2 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.

4. 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 20th day of April, 2004.

By the Commission

ATTEST:


Executive Director

Case No. 2004-00102