

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CHRISTIAN COUNTY)	
WATER DISTRICT TO ISSUE SECURITIES IN)	
THE APPROXIMATE PRINCIPAL AMOUNT OF)	
\$2,305,000 FOR THE PURPOSE OF REFUNDING)	CASE NO. 2004-00109
CERTAIN OUTSTANDING REVENUE BONDS OF)	
THE DISTRICT PURSUANT TO THE PROVISIONS)	
OF KRS 278.300 AND 807 KAR 5:001)	

ORDER

On March 26, 2004, Christian County Water District (“Christian District”) applied to the Commission for the authority to obtain a loan from the Kentucky Rural Water Finance Corporation (“KRWFC”) in the principal amount of \$2,305,000, subject to an adjustment of up to 10 percent. Christian District estimates that the proposed KRWFC loan will have a 25-year term with interest rates varying from 2.280 to 4.405 percent per annum.

As part of its application, Christian District 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, Christian District states that there has been no change that is material in nature in the financial condition or operation of Christian District since December 31, 2002. In its application, Christian District uses the financial data for the 12-month period ending December 31, 2002, the most recent published financial data available. Furthermore, because of the volatility of the bond market, Christian District claims that it cannot run the risk of delaying the closing of the 2004 KRWFC loan while more current financial data is compiled. Having considered Christian District'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 proceeds of the KRWFC loan will be used to refinance (1) the Christian District Waterworks Revenue Bonds of 1989, with an outstanding principal balance of approximately \$1,145,000; (2) the Christian District Waterworks Revenue Bonds of 1990, with an outstanding principal balance of approximately \$738,000; and (3) the Christian District Waterworks Revenue Bonds of 1991, with an outstanding principal balance of approximately \$370,200 (collectively "Outstanding Bonds"). The U.S. Department of Agriculture acting through Rural Development is currently holding the Outstanding Bonds. Christian District estimates that its proposed refinancing will result in total gross savings and net present value savings of \$284,995 and \$96,209, respectively.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Christian District's proposal to obtain the KRWFC loan, as described herein, for the purpose of refinancing its Outstanding 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. Christian District's motion to deviate from Administrative Regulation 807 KAR 5:001, Section 6, is granted.

2. Christian District is authorized to obtain the KRWFC loan for the purpose of refinancing its Outstanding Bonds, but only under such terms and conditions that will produce both positive gross savings and net present value savings from the refinancing.

3. If the actual terms and conditions of the KRWFC loan differ from those set forth in the application, Christian District 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 result from the refinancing.

4. Christian District shall, within 30 days of obtaining the KRWFC loan authorized herein, file with the Commission a statement in this proceeding setting forth the date the KRWFC loan is executed, the actual interest rate(s), 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 21st day of April, 2004.

By the Commission

ATTEST:

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

Executive Director