

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE RATTLESNAKE)	
RIDGE WATER DISTRICT TO ISSUE SECURITIES)	
IN THE APPROXIMATE PRINCIPAL AMOUNT OF)	
\$665,000 FOR THE PURPOSE OF REFUNDING)	CASE NO.
CERTAIN OUTSTANDING REVENUE BONDS OF)	2008-00167
THE DISTRICT PURSUANT TO THE PROVISIONS)	
OF KRS 278.300 AND 807 KAR 5:001)	

ORDER

On April 16, 2008, Rattlesnake Ridge Water District (“Rattlesnake Ridge”) applied to the Commission for the authority to obtain a Kentucky Rural Water Finance Corporation (“KRWFC”) loan in the principal amount of \$665,000, subject to an adjustment of up to 10 percent. Rattlesnake Ridge estimates that the proposed KRWFC loan will have a 17-year term with interest rates varying from 3.0 to 4.625 percent per annum.¹

The proceeds of the KRWFC loan will be used to refund the outstanding revenue bonds designated as the Rattlesnake Ridge Water District Waterworks Refunding Revenue Bonds, Series 1996 (“1996 Series Bonds”) bearing an interest rate of 6.5 percent per annum with an outstanding principal balance of \$460,375.² The district

¹ Application, Exhibit A, Debt Service Schedule.

² Application at 2 and Exhibit D, Total Refunded Debt Service.

estimates that its proposed refinancing will result in total gross savings and net present value savings of \$145,417 and \$60,481, respectively.³

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Rattlesnake Ridge's proposal to obtain the KRWFC loan, as described herein, for the purpose of refinancing the 1996 Series 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. Rattlesnake Ridge is authorized to enter an Assistance Agreement with KRWFC to borrow up to \$731,500⁴ to refinance the 1996 Series 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 KRWFC loan differ from those set forth in the application, Rattlesnake Ridge shall, within 30 days of issuing the KRWFC 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 1996 Series Bonds.

3. Rattlesnake Ridge 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.

³ Id. Exhibit C, Debt Service Comparison.

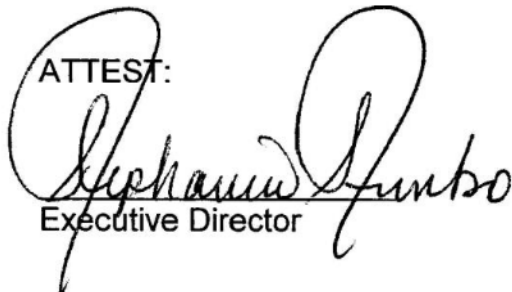
⁴ $\$665,000 \times 10\% = \$66,500 + 665,000 = \$731,500.$

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 19th day of June, 2008.

By the Commission

ATTEST:

Executive Director