

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EDMONSON COUNTY)	
WATER DISTRICT TO ISSUE SECURITIES IN)	
THE APPROXIMATE PRINCIPAL AMOUNT OF)	CASE NO.
\$845,000 FOR THE PURPOSE OF REFUNDING)	2008-00174
CERTAIN OUTSTANDING REVENUE BONDS OF)	
THE DISTRICT PURSUANT TO THE PROVISIONS)	
OF KRS 278.300 AND 807 KAR 5:001)	

ORDER

On May 15, 2008, Edmonson County Water District ("Edmonson") applied for Commission authorization to enter into an Assistance Agreement with the Kentucky Rural Water Finance Corporation ("KRWFC") to borrow the approximate principal sum of \$845,000 (subject to adjustment of up to 10 percent), for the purpose of refunding certain outstanding Waterworks Revenue Bonds of Edmonson. Edmonson estimates the KRWFC loan will have a 14-year term with variable rates of interest ranging from 3 to 4.5 percent per annum.

As part of its application, Edmonson moves for a deviation from the provision of Administrative Regulation 807 KAR 5:001, Section 6, which requires that, "[w]henever 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, Edmonson states that there has been no change that is material in nature in the financial condition or operation of Edmonson since December 31, 2007. In its application, Edmonson uses the financial data for the 12- month period ending December 31, 2007, the most recently published financial data available. Furthermore, because of the volatility of the bond market, Edmonson claims that it cannot run the risk of delaying the closing of the proposed KRWFC loan while more current financial data is compiled. Having considered Edmonson'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 of \$845,000 will be used to refund the outstanding revenue bonds designated as the Edmonson County Water District Water System Revenue Bonds, Series 1996A, dated February 1, 1996, in the original principal amount of \$1,605,000. The bonds are currently held in the open market. Edmonson estimates that the proposed refunding will result in a net present value savings of \$38,545.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Edmonson's proposed entry into an Assistance Agreement with KRWFC is for a lawful object within Edmonson's corporate purpose, is necessary and appropriate for and consistent with the proper performance of Edmonson's service to the public, will not impair Edmonson's ability to perform that service, and is reasonably necessary and appropriate for such purposes.

IT IS THEREFORE ORDERED that:

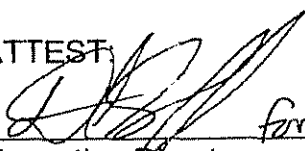
1. Edmonson's motion to deviate from Administrative Regulation 807 KAR 5:001, Section 6, is granted. Edmonson's application shall be considered filed as of the date of this Order.
2. Edmonson is authorized to enter into the KRWFC Assistance Agreement but only under such terms and conditions that will produce positive net present value savings.
3. If the actual terms and conditions of the KRWFC loan differ from those set forth in the application, Edmonson shall, within 30 days of obtaining the loan authorized in this proceeding, file with the Commission amortization schedules and workpapers showing the gross and net present value saving that resulted from refinancing of the outstanding revenue bonds.
4. Edmonson 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, 30th day of May 2008.

By Commission

ATTEST


Executive Director for Stephanie Stumbo
by permission