

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CRITTENDEN-LIVINGSTON)	
COUNTY WATER DISTRICT FOR APPROVAL TO)	
ENTER INTO A SUBLEASE AGREEMENT WITH THE)	CASE NO.
COUNTY OF LIVINGSTON, KENTUCKY IN A)	2010-00418
PRINCIPAL AMOUNT NOT TO EXCEED \$2,500,000)	
FOR THE PURPOSE OF REFINANCING CERTAIN)	
OUTSTANDING OBLIGATIONS OF THE)	
CRITTENDEN-LIVINGSTON COUNTY WATER)	
DISTRICT)	

ORDER

On January 4, 2011, Crittenden-Livingston Water District (“Crittenden-Livingston District”) applied to the Commission for approval to enter into a sublease agreement with the County of Livingston, Kentucky to borrow approximately \$2,500,000 to permanently finance existing short-term debt.¹

Having considered the record and being otherwise sufficiently advised, the Commission finds that:

1. Crittenden-Livingston District, a water district organized pursuant to KRS Chapter 74, owns and operates facilities that produce and distribute water to approximately 3,203 customers in the counties of Crittenden and Livingston.²

¹ Crittenden-Livingston District submitted its application to the Commission on November 4, 2010. As originally filed, the application was not made under oath and signed by an official of the water district. The water district supplemented its application on January 4, 2011 to correct this error.

² *Report of Crittenden-Livingston Water District to the Kentucky Public Service Commission for the Year Ended December 31, 2009* at 5 and 27.

2. Crittenden-Livingston District proposes to execute a Sublease Agreement with the County of Livingston, Kentucky to borrow \$2,495,000. The proposed Sublease Agreement will have a 28-year term with interest rates that vary from 1.10 percent to 4.55 percent per annum.³ The Sublease will be secured by a pledge of Crittenden-Livingston District's revenues.⁴

3. Crittenden-Livingston District will use proceeds from the proposed Sublease to retire its Kentucky Rural Water Finance Corporation Series 2009A Note, which provided interim financing for a waterworks improvement project,⁵ and to pay the issuance costs.

4. The County of Livingston will fund the sublease through the execution of a General Obligation Lease Agreement with Kentucky Association of Counties Interlocal Finance Corporation. The State Local Debt Officer has approved the County of Livingston's request to enter into the proposed lease.⁶

5. Crittenden-Livingston District's proposed loan is for a lawful object within its corporate purpose, is reasonably necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair Crittenden-Livingston District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

³ Application at Exhibit B.

⁴ *Id.* at ¶ 5.

⁵ Case No. 2007-00094, Application of the Crittenden-Livingston Water District for a Certificate of Public Convenience and Necessity to Construct a Waterworks Improvement Project Pursuant to KRS 278.020 and KRS 278.300 (Ky. PSC May 1, 2007).

⁶ *Livingston County, Kentucky Lease Agreement with Kentucky Association of Finance Corporation*, 10 SLDO 013 (Ky. Dept. for Local Government Sep. 15, 2010).

6. Crittenden-Livingston District has requested a deviation from 807 KAR 5:001, Section 11(2)(a), which requires the filing of a financial exhibit covering “operations for a twelve (12) month period . . . ending not more than ninety (90) days prior to the date the application is filed.” It has provided its financial statements for calendar year 2009 and represents that there has been no change that is material in nature in its financial condition or operation since the publication of these statements.

7. Crittenden-Livingston District has demonstrated good cause to permit its deviation from 807 KAR 5:001, Section 11(2)(a).

IT IS THEREFORE ORDERED that:

1. Crittenden-Livingston District’s motion to deviate from 807 KAR 5:001, Section 11(2)(a), is granted.

2. Crittenden-Livingston District’s application is considered filed as of January 4, 2011.

3. Crittenden-Livingston District is authorized to enter into Sublease Agreement with the County of Livingston, Kentucky to borrow no more than \$2,500,000 for the purpose of permanently refunding and retiring its Kentucky Rural Water Finance Corporation Series 2009A Note.

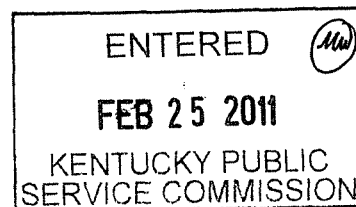
4. Within 30 days of executing the proposed agreement, Crittenden-Livingston District shall advise the Commission in writing of the date on which the agreement was entered, the actual interest rates, and the principal amount.

5. The proceeds from the transaction authorized herein shall be used only for the lawful purposes specified in Crittenden-Livingston District’s application.

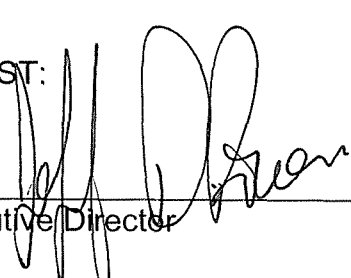
6. Any documents filed pursuant to ordering paragraph 4 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

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.

By the Commission



ATTEST:



Executive Director

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