

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF TODD COUNTY WATER)	
DISTRICT TO ISSUE SECURITIES IN THE)	
APPROXIMATE PRINCIPAL AMOUNT OF)	
\$2,145,000 FOR THE PURPOSE OF REFUNDING)	CASE NO. 2012-00243
CERTAIN OUTSTANDING REVENUE BONDS OF)	
THE DISTRICT PURSUANT TO THE PROVISIONS)	
OF KRS 278.300 AND 807 KAR 5:001)	

ORDER

On June 12, 2012, Todd County Water District ("Todd County") applied to the Commission for approval to enter into a loan agreement with the Kentucky Rural Water Finance Corporation ("KRWFC") to borrow approximately \$2,145,000 to refund certain outstanding waterworks revenue bonds.¹

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

1. Todd County proposes to execute an Assistance Agreement with KRWFC to borrow \$2,145,000, subject to an adjustment of up to 10 percent. The proposed loan will have a 22-year term with interest rates that vary from 2.90 percent to 4.05 percent per annum.²

¹ Todd County tendered its application on June 12, 2012. In its application, it requested a deviation from 807 KAR 5:001, Section 11(2). On June 25, 2012, the Commission granted this request and accepted the Application for filing. No person or entity has sought intervention in this proceeding.

² Application, Ex. A.

2. Todd County proposes to use the proceeds from the proposed loan to refund the outstanding revenue bonds designated as Todd County Water System Revenue Bonds of 1987 (“1987 Bonds”); Todd County Water District Waterworks Revenue Bonds, Series 1990 (“1990 Bonds”); Todd County Water District Waterworks Revenue Bonds, Series 1992 (“1992 Bonds”); Todd County Water District Waterworks Revenue Bonds, 1996 Series (“1996 Bonds”); Todd County Water District Waterworks Revenue Bonds, Series 2000 (“2000 Bonds”).

3. Approximately \$399,000 of the 1987 Bonds remain outstanding.³ These bonds bear interest at a rate of 5.0 percent per annum.

4. Approximately \$448,000 of the 1990 Bonds remain outstanding.⁴ These bonds bear interest at a rate of 5.0 percent per annum.

5. Approximately \$154,300 of the 1992 Bonds remain outstanding.⁵ These bonds bear interest at a rate of 5.00 percent per annum.

6. Approximately \$426,000 of the 1996 Bonds remain outstanding.⁶ These bonds bear interest at a rate of 4.875 percent per annum.

7. Approximately \$800,000 of the 2000 Bonds remain outstanding.⁷ These bonds bear interest at a rate of 4.75 percent per annum.

³ Application, Ex. D.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

8. Rural Development, an agency of the U.S. Department of Agriculture, holds all of the bonds that Todd County is seeking to refund.

9. Todd County will expend \$2,230,453 to refund the outstanding bonds and to pay bond issuance costs.⁸

10. Todd County estimates that its proposed refinancing will result in total gross savings and net present value savings of \$489,860 and \$248,069 respectively.⁹

11. Todd County'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 Todd County's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Todd County is authorized to enter into the Assistance Agreement with KRWFC to borrow no more than \$2,359,500¹⁰ for the purpose of refunding the outstanding indebtedness, but only under such terms and conditions as will produce both positive gross savings and net present value savings.

2. If the actual terms and conditions of the agreement with KRWFC differ from those set forth in its application, Todd County shall, within 30 days of executing the

⁸ Application, Ex. B. \$37,175 (Cost of Issuance) + \$2,191,551 (Deposit to Current Refunding Fund) + \$1,727 (Rounding Amount) = \$2,230,453. The sources of these funds are: \$2,145,000 (Par Amount of Bonds) + \$16,721 (Reoffering Premium) + \$68,732 (Transfers from Prior Issue Debt Service Funds) = \$2,230,453.

⁹ Application, Ex. C. In its application, Todd County refers to "gross savings" and "net present value savings" as "net future value benefit" and net present value benefit," respectively.

¹⁰ $\$2,145,000 \times 110\% = \$2,359,500$

loan agreement, file with the Commission amortization schedules and work papers showing the actual gross savings and net present value savings that will result from the refinancing.

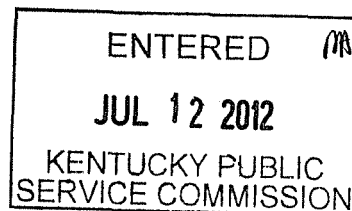
3. Within 30 days of executing the proposed Assistance Agreement, Todd County shall file a copy of the executed Assistance Agreement and any documents referenced in the executed Assistance Agreement that Todd County has not previously filed with the Commission.


4. The proceeds from the Assistance Agreement shall be used only for the lawful purposes specified in Todd County's application.

5. Any documents filed pursuant to ordering paragraphs 2 and 3 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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