

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WESTERN PULASKI COUNTY)	
WATER DISTRICT TO ISSUE SECURITIES IN)	
THE APPROXIMATE PRINCIPAL AMOUNT OF)	
\$2,090,000 FOR THE PURPOSE OF REFUNDING)	CASE NO. 2012-00244
CERTAIN OUTSTANDING REVENUE BONDS OF)	
THE DISTRICT PURSUANT TO THE PROVISIONS)	
OF KRS 278.300 AND 807 KAR 5:001)	

ORDER

On June 25, 2012, Western Pulaski County Water District ("Western Pulaski District") applied to the Commission for approval to enter into a loan agreement with Kentucky Rural Water Finance Corporation ("KRWFC") to borrow approximately \$2,090,000 to refund certain outstanding waterworks revenue bonds.¹

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

1. Western Pulaski District proposes to execute an Assistance Agreement with KRWFC to borrow \$2,090,000, subject to an adjustment of up to 10 percent. The proposed loan will have a 23-year term with interest rates that vary from 2.9 percent to 4.05 percent per annum.²

¹ Western Pulaski District 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. Western Pulaski District proposes to use the proceeds from the loan agreement to refund the outstanding revenue bonds designated as Western Pulaski County Water District Waterworks Revenue Bonds, 2001 Series A ("2001A Bonds") and Series B ("2001B Bonds").³

3. Approximately \$1,125,500 of the 2001A Bonds remain outstanding.⁴ These bonds bear interest at a rate of 5.0 percent per annum.

4. Approximately \$983,000 of the 2001B Bonds remain outstanding.⁵ These bonds bear interest at a rate of 4.5 percent per annum.

5. Rural Development owns all outstanding 2001A Bonds and 2001B Bonds.⁶

6. Western Pulaski District estimates that its proposed refinancing will result in total gross savings and net present value savings of \$230,173 and \$186,483, respectively.⁷

7. Western Pulaski District will expend \$2,195,727 to refund the outstanding bonds and to pay bond issuance costs.⁸

³ Application, ¶ 5.

⁴ Application, Ex. D.

⁵ Application, Ex. D.

⁶ Application, ¶ 5. Rural Development is an agency of the U.S. Department of Agriculture.

⁷ Application, Ex. C. In Exhibit C, the utility has identified "gross savings" and "net present value savings" as "net future value benefit" and "net present value benefit," respectively.

⁸ Application, Ex. B. \$36,350 (Cost of Issuance) + \$2,156,521 (Deposit to Current Refunding Fund) + \$2,856 (Rounding Amount) = \$2,195,727. The sources of these funds are: \$2,090,000 (Par Amount of Bonds) + \$26,973 (Reoffering Premium) + \$78,754 (Transfers from Prior Issue Debt Service Funds) = \$2,195,727.

8. Western Pulaski 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 Western Pulaski District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Western Pulaski District is authorized to enter into an Assistance Agreement with KRWFC to borrow no more than \$2,299,000⁹ for the purpose of refunding the outstanding indebtedness, but only under such terms and conditions that will produce positive gross savings and net present value savings.

2. If the actual terms and conditions of the Assistance Agreement with KRWFC differ from those set forth in its Application, Western Pulaski District shall, within 30 days of executing the 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 after executing the Assistance Agreement with KRWFC, Western Pulaski District shall file with the Commission a copy of the Assistance Agreement and any documents referenced in the executed Assistance Agreement that Western Pulaski District has not previously filed with the Commission.

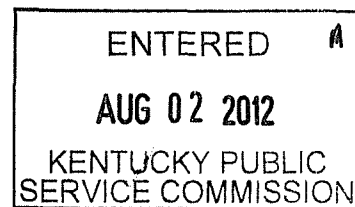
4. The proceeds from the transaction authorized herein shall be used only for the lawful purposes specified in Western Pulaski District's Application.

⁹ $\$2,090,000 \times 110\% = \$2,299,000$.

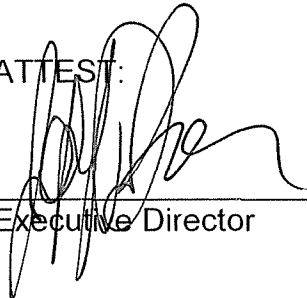
5. Any documents filed pursuant to ordering paragraphs 2 and 3 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

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

Case No. 2012-00244

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