

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BARKLEY LAKE WATER)	
DISTRICT TO ISSUE SECURITIES IN THE)	
APPROXIMATE PRINCIPAL AMOUNT OF)	
\$1,405,000 FOR THE PURPOSE OF REFUNDING)	CASE NO. 2012-00266
CERTAIN OUTSTANDING REVENUE BONDS OF)	
THE DISTRICT PURSUANT TO THE PROVISIONS)	
OF KRS 278.300 AND KAR 5:001)	

ORDER

On July 2, 2012, Barkley Lake Water District ("Barkley Lake District") applied to the Commission for approval to enter into a loan agreement with Kentucky Rural Water Finance Corporation ("KRWFC") to borrow approximately \$1,405,000 to refund certain outstanding waterworks revenue bonds.¹

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

1. Barkley Lake District proposes to execute an Assistance Agreement with KRWFC to borrow \$1,405,000, subject to an adjustment of up to 10 percent. The proposed loan will have a 21-year term with interest rates that vary from 2.9 percent to 4.05 percent per annum.²
2. Barkley Lake District proposes to use the proceeds from the loan agreement to refund the outstanding revenue bonds designated as Barkley Lake Water

¹ Barkley Lake District tendered its Application on June 25, 2012. In its Application, it requested a deviation from 807 KAR 5:001, Section 11(2). On July 2, 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.

District Water System Revenue Bonds, Series 1976 ("1976 Bonds") and Series 1993 ("1993 Bonds").³

3. Approximately \$63,000 of the 1976 Bonds remain outstanding.⁴ These bonds bear interest at a rate of 5.0 percent per annum.

4. Approximately \$1,342,000 of the 1993 Bonds remain outstanding.⁵ These bonds bear interest at a rate of 4.5 percent per annum.

5. Rural Development owns all outstanding 1976 Bonds and 1993 Bonds.⁶

6. Barkley Lake District estimates that its proposed refinancing will result in total gross savings and net present value savings of \$92,838 and \$86,046, respectively.⁷

7. Barkley Lake District will expend \$1,463,102 to refund the outstanding bonds and to pay bond issuance costs.⁸

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

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. \$26,075 (Cost of Issuance) + \$1,435,358 (Deposit to Current Refunding Fund) + \$1,669 (Rounding Amount) = \$1,463,102. The sources of these funds are: \$1,405,000 (Par Amount of Bonds) + \$8,294 (Reoffering Premium) + \$49,808 (Transfers from Prior Issue Debt Service Funds) = \$1,463,102.

IT IS THEREFORE ORDERED that:

1. Barkley Lake District is authorized to enter into an Assistance Agreement with KRWFC to borrow no more than \$1,545,500⁹ 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, Barkley Lake 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, Barkley Lake District shall file with the Commission a copy of the Assistance Agreement and any documents referenced in the executed Assistance Agreement that Barkley Lake District has not previously filed with the Commission.

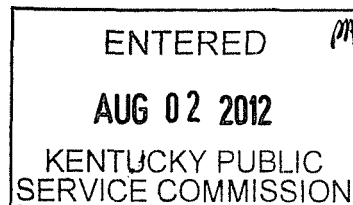
4. The proceeds from the transaction authorized herein shall be used only for the lawful purposes specified in Barkley Lake District's Application.

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.

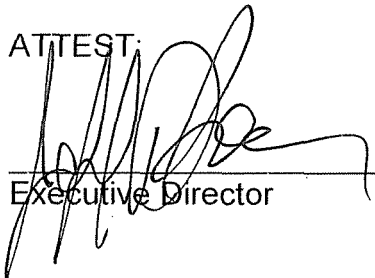
⁹ $\$1,405,000 \times 110\% = \$1,545,500.$

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. 2012-00266

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