

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF HYDEN-LESLIE )  
COUNTY WATER DISTRICT TO ISSUE )  
SECURITIES IN IN THE APPROXIMATE )  
PRINCIPAL AMOUNT OF \$600,000 FOR )  
THE PURPOSE OF REFUNDING ) CASE NO. 2012-00316  
CERTAIN OUTSTANDING REVENUE BONDS OF )  
THE DISTRICT PURSUANT TO THE PROVISIONS )  
OF KRS 278.300 AND 807 KAR 5:001 )

ORDER

On July 16, 2012, Hyden-Leslie County Water District (“Hyden-Leslie District”) applied to the Commission for approval to enter into an Assistance Agreement with Kentucky Rural Water Finance Corporation (“KRWFC”) to borrow approximately \$600,000 to refund certain outstanding revenue bonds.<sup>1</sup>

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

1. Hyden-Leslie District proposes to execute an Assistance Agreement with KRWFC to borrow \$600,000 subject to an adjustment of up to 10 percent. The proposed loan will have a 16-year term with interest rates that vary from 3.25 percent to 3.9 percent per annum.<sup>2</sup>

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<sup>1</sup> Hyden-Leslie tendered its application on July 16, 2012. In its Application, it requested a deviation from 807 KAR 5:001, Section 11(2). On July 30, 2012, the Commission granted this request and accepted the Application for filing. No person or entity has sought intervention in this proceeding.

<sup>2</sup> Application, Ex. A.

2. Hyden-Leslie District proposes to use the proceeds from the loan to refund approximately \$600,000 of outstanding Hyden-Leslie County Water District Waterworks Revenue Bonds of 1989, which Rural Development holds.<sup>3</sup> These Bonds bear interest at a rate of 5 percent per annum.<sup>4</sup>

3. Hyden-Leslie District estimates that its proposed refinancing will result in total gross savings and net present value savings of \$44,447 and \$36,599, respectively.<sup>5</sup>

4. Hyden-Leslie District will expend \$612,849 to refund the outstanding bonds and to pay bond issuance costs.<sup>6</sup>

5. Hyden-Leslie 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 Hyden-Leslie's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Hyden-Leslie District is authorized to enter into the Assistance Agreement with KRWFC to borrow no more than \$660,000<sup>7</sup> for the purpose of refunding the outstanding indebtedness, but only under such terms and conditions that will produce both positive gross savings and net present value savings.

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<sup>3</sup> Rural Development is an agency of the U.S. Department of Agriculture.

<sup>4</sup> Application, Ex. D

<sup>5</sup> *Id.*, 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.

<sup>6</sup> Application, Ex. B. \$10,500 (Total Underwriter's Discount) + \$16,500 (Cost of Issuance) + \$582,860 (Deposit to Current Refunding Fund) + \$2,989 (Rounding) = \$612,849. The sources of the funds are: \$600,000 (Par Amount of Bonds) + \$8,437 (Reoffering Premium) + \$4,412 (Transfers from Prior Issue Debt Service Funds) = \$612,849

<sup>7</sup> \$600,000 x 110% = \$660,000.

2. If the actual terms and conditions of the Assistance Agreement with KRWFC differ from those set forth in its Application, Hyden-Leslie 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 of executing the proposed agreement, Hyden-Leslie District shall file a copy of the executed Assistance Agreement and any documents referenced in the executed Assistance Agreement that Hyden-Leslie has not previously filed with the Commission.

4. The proceeds from the Assistance Agreement shall be used only for the lawful purposes specified in Hyden-Leslie 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.

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

ENTERED   
AUG 07 2012  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
\_\_\_\_\_  
Executive Director

Case No. 2012-00316

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