

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF WARREN	)	
COUNTY WATER DISTRICT TO ISSUE	)	
SECURITIES IN THE APPROXIMATE PRINCIPAL	)	
AMOUNT OF \$20,575,000 FOR THE PURPOSE	)	CASE NO.
OF REFINANCING CERTAIN OUTSTANDING	)	2026-00055
OBLIGATIONS OF THE DISTRICT PURSUANT TO	)	
THE PROVISIONS OF KRS 278.300 AND 807 KAR	)	
5:001	)	

ORDER

On March 31, 2026, Warren County Water District (Warren District) filed an application, pursuant to KRS 278.300 and 807 KAR 5:001, requesting authorization to execute an assistance agreement with the Rural Water Financing Agency (RWFA) for approximately \$20,575,000, subject to an adjustment of no more than 10 percent (RWFA Loan), for the purpose of providing long-term financing for a portion of a \$22,985,000 RWFA short-term loan dated July 17, 2025, funded by RWFA Series 2025D Public Project Revenue Bonds (2025 Short-term loan).

No party requested intervention in this proceeding. Warren District responded to one request for information.<sup>1</sup> This matter stands submitted for a decision.

BACKGROUND

Warren District is a water district organized under KRS Chapter 74 and provides retail water service to approximately 34,666 customers in Warren County, Kentucky,

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<sup>1</sup> Warren District's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Apr. 24, 2026).

including 32,056 residential customers, 2,543 commercial customers, and 67 industrial customers.<sup>2</sup> Warren District also provides wastewater service to 10,929 customers, including 9,925 residential customers, 941 commercial customers, and 63 industrial customers.<sup>3</sup>

### LEGAL STANDARD

KRS 278.300(1) requires Commission authorization before a utility may “issue any securities or evidence of indebtedness or assume any obligation or liability in respect to the securities or evidence of indebtedness of any other person.” KRS 278.300(3) establishes the legal standard and clarifies the scope of Commission review, stating:

The commission shall not approve any issue or assumption unless, after investigation of the purposes and uses of the proposed issue and proceeds thereof, or of the proposed assumption of obligation or liability, the commission finds that the issue or assumption is for some lawful object within the corporate purposes of the utility, is necessary or appropriate for or consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

### FINANCING BACKGROUND

According to requests for information, Warren District’s financing approach utilized a series of short-term Bond Anticipation Notes to fund capital improvements in real-time before securing permanent financing.<sup>4</sup> In October 2022, the Series 2022D Note for \$11,370,000 was issued to fund initial designs for the new operations facility and SCADA

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<sup>2</sup> *Annual Report of Warren District Water Division to the Public Service Commission for the Calendar Year Ended December 31, 2024* at 49.

<sup>3</sup> *Annual Report of Warren District Wastewater Division to the Public Service Commission for the Calendar Year Ended December 31, 2024* at 36.

<sup>4</sup> Warren District’s Response to Staff’s First Request, Item 2. See Warren District’s response to Staff’s First Request, Item 2, “Attachment\_2.xlsx”.

hardware.<sup>5</sup> In July 2024, Warren District issued the Series 2024D Note for \$11,880,000 to retire the 2022D principal and cover associated interest and issuance costs.<sup>6</sup> In July 2025, the Series 2025D Note for \$22,985,000 was issued to retire the 2024D debt and provide approximately \$11 million in new capital for the heavy construction phase of the Operations Facility and the Alvaton water main project.<sup>7</sup>

Loan Designation	Issue/ Maturity Date	Amount	Interest Rate	Primary Purpose
	Issued July 2025			Operations & Customer Service Facility (Case No. 2024-00286)
2025D RWFA Note	Maturity July 2027	\$ 22,985,000	3.475%	Alvaton Area Capacity Improvements (Case No. 2025-00351)
2026D RWFA Bond	Maturity Feb 2056	\$ 20,575,000	5.158%	Refinance 2025D RWFA Note

### PROPOSED FINANCING

In its application, Warren District requested authorization to enter into an Assistance Agreement with the Rural Water Financing Agency (RWFA) to issue securities in the approximate principal amount of \$20,575,000, subject to an adjustment of no more than 10 percent.<sup>8</sup> The primary purpose of this financing is to provide permanent, long-term funding to refinance and retire a substantial portion of an existing \$22,985,000 short-term loan (Series 2025D) dated July 17, 2025.<sup>9</sup> By refinancing this interim debt into a 30-year long-term obligation, Warren District stated the goal was to stabilize its debt service requirements and strengthen its overall financial position.<sup>10</sup> The proposed Series 2026 request seeks to refinance approximately \$20,000,000 of the 2025D construction debt

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<sup>5</sup> Warren District's Response to Staff's First Request, Items 2 & 3, "Attachment\_2".

<sup>6</sup> Warren District's Response to Staff's First Request, Items 2 & 3, "Attachment\_2".

<sup>7</sup> Warren District's Response to Staff's First Request, Item 2, Attachment\_2.xlsx; Application at 1.

<sup>8</sup> Application at 1.

<sup>9</sup> Application at 1.

<sup>10</sup> Application, Exhibit 5.

into a 30-year fixed-rate bond, officially concluding the interim bridge cycle for these assets.<sup>11</sup> Approximately \$3,000,000 of the 2025D note for \$22,985,000 will remain outstanding as short-term debt to capitalize on its favorable 3.475 percent interest rate for ongoing minor projects.<sup>12</sup> These unexpended funds are scheduled to be retired upon the note's maturity in July 2027, potentially using internal reserves or future grant funding.<sup>13</sup>

The proposed bonds are expected to be sold in June 2026, with the final principal amount subject to no more than a 10 percent adjustment based on market conditions at the time of sale.<sup>14</sup>

Warren District stated that the RWFA loan was in the public interest and was intended to accomplish the purpose of strengthening the financial condition of Warren District by providing permanent financing, which enables Warren District to prepare appropriate annual budgets.<sup>15</sup> Warren District also argued that the RWFA loan was appropriate for, and consistent with the proper performance of its service to the public and would not impair its ability to perform that service.<sup>16</sup>

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<sup>11</sup> Warren District's Response to Staff's First Request, Item 2, "Attachment\_2.xlsx".

<sup>12</sup> Application at 6; Warren District's Response to Staff's First Request, Item 2.

<sup>13</sup> Application, Exhibit 6.

<sup>14</sup> Application at 1.

<sup>15</sup> Application at 7.

<sup>16</sup> Application at 7.

## DISCUSSION AND FINDINGS

Having considered the evidence of the record and being otherwise sufficiently advised, the Commission finds that Warren District's request to incur indebtedness of up to \$20,575,000, subject to no more than a 10 percent variance, satisfies the legal standards established in KRS 278.300(3) as discussed below.

The RFWA loan is for lawful objects within the corporate purposes of Warren District. The lawful objects of the utility's purpose are to provide adequate, efficient and reasonable service at fair, just and reasonable rates. The RWFA loan meets this requirement because the lawful purpose of the proceeds is to refinance a portion of an existing short-term debt obligation. The RFWA loan is necessary and appropriate for and consistent with the proper performance by the utility and will not impair Warren District's ability to perform that service. The proposed financing will refinance a portion of the 2025D short-term loan which matures in July 2027. The RFWA loan is reasonable, necessary and appropriate for Warren District to meet its statutory duty to provide adequate, efficient and reasonable service because Warren District intends for the RWFA Loan to strengthen its financial condition by providing final permanent financing numbers for budgeting purposes. Therefore, the Commission finds that the RFWA loan should be approved.

Warren District's most recent rate case, Case No. 2024-00200, was final on May 20, 2025.<sup>17</sup> Warren District stated that its cashflow improved from 2025 to 2026 due to the rate increase that went into effect as a result of its application in Case No. 2024-

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<sup>17</sup> Case No. 2024-00200, *Electronic Application of Warren County Water District for an Adjustment of Rates for Water Service* (Ky. PSC May 20, 2025).

00200.<sup>18</sup> Warren District stated it will be able to meet its debt service obligations from its projected 2026 revenues.<sup>19</sup> Payments on the proposed RWFA Loan will begin in February 2027.<sup>20</sup> Warren District stated it would be filing rate cases in both its water and sewer divisions in the third quarter of 2026.<sup>21</sup> Warren District stated it would include its debt service of the proposed RWFA Loan in those proceedings.<sup>22</sup>

Having reviewed the records and fully sufficiently advised, Commission finds that the financing is for a lawful object within the corporate purposes of Warren District and is necessary for the proper performance of its service to the public.

IT IS THEREFORE ORDERED that:

1. Warren District is authorized to execute an assistance agreement as described in its application in an amount of \$20,575,000, subject to adjustment to no more than 10 percent.

2. The proceeds of the bond shall be used only for the lawful purposes specified in the application.

3. Within ten days of the execution of the RWFA loan, Warren District shall file with the Commission an electronic version of each document.

4. Warren District shall, within 30 days from the date of issuance, file with the Commission a statement setting forth the date or dates of issuance of the securities

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<sup>18</sup> Warren District's Response to Staff's First Request, Item 6a.

<sup>19</sup> Warren District's Response to Staff's First Request, Item 6a.

<sup>20</sup> Warren District's Response to Staff's First Request, Item 6a.

<sup>21</sup> Application at 10, paragraph 20.

<sup>22</sup> Warren District's Response to Staff's First Request, Item 6a.

authorized herein, the price paid, the proceeds of such issuances, the interest rate, and all fees and expenses, including underwriting discounts or commissions or other compensation, involved in the issuance and distribution. Warren District shall also file documentation showing the quotes that it relied upon to determine the lowest interest rate.

5. Any documents filed in the future pursuant to ordering paragraphs 3 and 4 herein shall reference this case number and shall be retained in the post-case correspondence file.

6. This case is closed and removed from the Commission's docket.

Nothing contained in this Order shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Entered on this 28th day of May, 2026.

PUBLIC SERVICE COMMISSION




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Angie Hatton  
Chair



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Mary Pat Regan  
Commissioner



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Andrew W. Wood  
Commissioner



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Barry L. Mayfield  
Commissioner

ATTEST:



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Linda C. Bridwell, PE  
Executive Director

## Service List for 2026-00055

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