

# Rubin & Hays

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RECEIVED

APR 29 2004

PUBLIC SERVICE  
COMMISSION

CHARLES S. MUSSON  
W. RANDALL JONES  
CHRISTIAN L. JUCKETT

PARALEGAL  
MARY M. EMBRY

April 22, 2004

Mr. Thomas Dorman, Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602

Re: Muhlenberg County Water District PSC Case No. 2004-00062


Dear Mr. Dorman:

Pursuant to the Commission's Order, dated March 24, 2004, enclosed please find the final financial schedules relating to the District's Kentucky Rural Water Finance Corporation Loan. Such schedules contain all of the relevant financial information requested by the Commission in its Order.

Thank you for your assistance and if you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By   
W. Randall Jones

WRJ:jlm  
Enclosures  
cc: Ms. Becky Wright, MCWD

**\$1,234,000**  
**Muhlenberg County Water District**  
**Refunding of Series 1979**  
**Kentucky Rural Water Finance Corporation**  
**SOURCES & USES**

Dated 02/01/2004

Delivered 03/24/2004

**SOURCES OF FUNDS**

Par Amount of Bonds.....	\$1,234,000.00
Transfers from Prior Issue Debt Service Funds.....	20,183.34
Accrued Interest from 02/01/2004 to 03/24/2004.....	5,189.50
<b>TOTAL SOURCES.....</b>	<b>\$1,259,372.84</b>

**USES OF FUNDS**

Deposit to Current Refunding Fund.....	1,216,311.58
Costs of Issuance.....	21,010.00
Total Underwriter's Discount (0.943%).....	11,631.82
Deposit to Debt Service Fund.....	5,189.50
Gross Bond Insurance Premium ( 29.0 bp).....	4,385.49
Original Issue Discount (OID).....	517.15
Rounding Amount.....	327.30
<b>TOTAL USES.....</b>	<b>\$1,259,372.84</b>

Morgan Keegan & Co., Inc.  
Kentucky Public Finance

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**\$1,234,000**  
**Muhlenberg County Water District**  
**Refunding of Series 1979**  
**Kentucky Rural Water Finance Corporation**  
**DEBT SERVICE COMPARISON**

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
12/30/2004	17,624.70	-	17,624.70	30,061.25	12,436.55
12/30/2005	120,363.60	450.00	120,813.60	120,036.25	(777.35)
12/30/2006	119,581.70	450.00	120,031.70	119,450.00	(581.70)
12/30/2007	119,768.90	450.00	120,218.90	120,150.00	(68.90)
12/30/2008	119,801.15	450.00	120,251.15	119,675.00	(576.15)
12/30/2009	119,675.95	450.00	120,125.95	120,025.00	(100.95)
12/30/2010	119,385.80	450.00	119,835.80	119,200.00	(635.80)
12/30/2011	118,831.20	450.00	119,281.20	119,200.00	(81.20)
12/30/2012	118,962.60	450.00	119,412.60	119,000.00	(412.60)
12/30/2013	119,776.40	450.00	120,226.40	119,575.00	(651.40)
12/30/2014	118,299.65	450.00	118,749.65	118,925.00	175.35
12/30/2015	118,521.10	450.00	118,971.10	119,050.00	78.90
12/30/2016	118,462.65	450.00	118,912.65	118,925.00	12.35
12/30/2017	63,181.10	450.00	63,631.10	118,550.00	54,918.90
12/30/2018	-	-	-	118,900.00	118,900.00
<b>Total</b>	<b>1,512,236.50</b>	<b>5,850.00</b>	<b>1,518,086.50</b>	<b>1,700,722.50</b>	<b>182,636.00</b>

**PRESENT VALUE ANALYSIS SUMMARY (NET TO NET)**

Gross PV Debt Service Savings.....	120,679.39
Effects of changes in Expenses.....	(4,562.46)
<b>Net PV Cashflow Savings @ 3.808%(Bond Yield).....</b>	<b>116,116.92</b>
Accrued Interest Credit to Debt Service Fund.....	5,189.50
Transfers from Prior Issue Debt Service Fund.....	(20,183.34)
Contingency or Rounding Amount.....	327.30
<b>NET PRESENT VALUE BENEFIT.....</b>	<b>\$101,450.38</b>
<b>NET PV BENEFIT / \$1,202,450 REFUNDED PRINCIPAL.....</b>	<b>8.437%</b>
<b>NET PV BENEFIT / \$1,234,000 REFUNDING PRINCIPAL.....</b>	<b>8.221%</b>

**REFUNDING BOND INFORMATION**

Refunding Dated Date.....	2/01/2004
Refunding Delivery Date.....	3/24/2004

**\$1,234,000**  
**Muhlenberg County Water District**  
**Refunding of Series 1979**  
**Kentucky Rural Water Finance Corporation**  
**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Interest	Total P+I
12/30/2004	-	-	17,624.70	17,624.70
12/30/2005	86,000.00	2.060%	34,363.60	120,363.60
12/30/2006	87,000.00	2.060%	32,581.70	119,581.70
12/30/2007	89,000.00	2.060%	30,768.90	119,768.90
12/30/2008	91,000.00	2.310%	28,801.15	119,801.15
12/30/2009	93,000.00	2.310%	26,675.95	119,675.95
12/30/2010	95,000.00	2.560%	24,385.80	119,385.80
12/30/2011	97,000.00	2.760%	21,831.20	118,831.20
12/30/2012	100,000.00	3.060%	18,962.60	118,962.60
12/30/2013	104,000.00	3.185%	15,776.40	119,776.40
12/30/2014	106,000.00	3.435%	12,299.65	118,299.65
12/30/2015	110,000.00	3.560%	8,521.10	118,521.10
12/30/2016	114,000.00	3.685%	4,462.65	118,462.65
12/30/2017	62,000.00	3.810%	1,181.10	63,181.10
<b>Total</b>	<b>1,234,000.00</b>	<b>-</b>	<b>278,236.50</b>	<b>1,512,236.50</b>

**YIELD STATISTICS**

Accrued Interest from 02/01/2004 to 03/24/2004.....	5,189.50
Bond Year Dollars.....	\$8,785.00
Average Life.....	7.119 Years
Average Coupon.....	3.1671770%
Net Interest Cost (NIC).....	3.3054692%
True Interest Cost (TIC).....	3.3119019%
Bond Yield for Arbitrage Purposes.....	3.8083072%
All Inclusive Cost (AIC).....	3.7233334%

**IRS FORM 8038**

Net Interest Cost.....	3.1912958%
Weighted Average Maturity.....	6.950 Years

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**Refunding of Series 1979**  
**Kentucky Rural Water Finance Corporation**  
**NET DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Interest	Total P+I	Expenses	Net New D/S
12/30/2004	-	-	17,624.70	17,624.70	-	17,624.70
12/30/2005	86,000.00	2.060%	34,363.60	120,363.60	450.00	120,813.60
12/30/2006	87,000.00	2.060%	32,581.70	119,581.70	450.00	120,031.70
12/30/2007	89,000.00	2.060%	30,768.90	119,768.90	450.00	120,218.90
12/30/2008	91,000.00	2.310%	28,801.15	119,801.15	450.00	120,251.15
12/30/2009	93,000.00	2.310%	26,675.95	119,675.95	450.00	120,125.95
12/30/2010	95,000.00	2.560%	24,385.80	119,385.80	450.00	119,835.80
12/30/2011	97,000.00	2.760%	21,831.20	118,831.20	450.00	119,281.20
12/30/2012	100,000.00	3.060%	18,962.60	118,962.60	450.00	119,412.60
12/30/2013	104,000.00	3.185%	15,776.40	119,776.40	450.00	120,226.40
12/30/2014	106,000.00	3.435%	12,299.65	118,299.65	450.00	118,749.65
12/30/2015	110,000.00	3.560%	8,521.10	118,521.10	450.00	118,971.10
12/30/2016	114,000.00	3.685%	4,462.65	118,462.65	450.00	118,912.65
12/30/2017	62,000.00	3.810%	1,181.10	63,181.10	450.00	63,631.10
<b>Total</b>	<b>1,234,000.00</b>	<b>-</b>	<b>278,236.50</b>	<b>1,512,236.50</b>	<b>5,850.00</b>	<b>1,518,086.50</b>

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