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February 20, 2013

W. Randall Jones, Esq.
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202

Re: Case No. 2013-00042
Kentucky Rural Water Finance Corporation

Dear Mr. Jones:

The enclosed document has been filed in the record of the above-referenced case. Any objections to this action should be submitted to the Commission within five days of receipt of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

gw
Enclosure

From: [Randy Jones](#)
To: [Wuetcher, Jerry \(PSC\)](#)
Cc: [Lawless, Scott \(PSC\)](#); [Faulkner, Linda \(PSC\)](#); [Smith, Renee C. \(PSC\)](#); [Curtis, Kirsten \(Finance OFM\)](#)
Subject: RE: Case No. 2013-00042: Kentucky Rural Water Finance Corporation
Date: Wednesday, February 13, 2013 11:39:47 AM

Mr. Wuetcher,

Per your email, I am sending to Mr. Derouen all of the missing affidavits with the exception of Meade County Water District (the inclusion of Meade County Water District was premature, as they are still deciding whether or not to participate).

I am also sending the Resolutions for McCreary County Water District and West McCracken County Water District.

With regards to the items listed in #3 of your email:

- a. The correct amount for the Series 2004D loan to Big Sandy Water District is \$732,000 (original principal amount).
- b. The Resolution for East Clark County Water District listed the original principal amount of the loan (\$219,000). The debt service schedule listed the outstanding principal amount of the loan (\$148,000).
- c. The Resolution for Grayson County Water District references two loans (Series 2001D and Series 2004B). When Morgan Keegan (financial advisor to KRWFC) ran the numbers to determine the amount of savings (this was done after the Resolution was adopted), the Series 2001D loan did not show sufficient savings due to its final maturity date and was therefore deleted from the KRWFC refunding issue.
- d. The Green River Valley Water District Resolution referred to two loans (Series 2001E and Series 2003C – your email refers to Series 2003D – this is listed as Series 2003C in the Resolution). After the adoption of said Resolution, it was determined by Morgan Keegan that two additional loans (Series 2004B – original principal amount of \$3,567,000; and Series 2004D – original principal amount of \$1,598,000) generated sufficient savings and were thus added to the KRWFC refunding issue. GRVWD is in the process of adopting another Resolution authorizing the refunding of the two additional loans. An executed copy of said Resolution will be filed with the PSC as soon as it is available.
- e. The Resolution of Henry County Water District #2 references the original principal amounts of the loans (Series 2001D - \$900,000 and Series 2003A - \$2,978,000). The debt service schedule lists the outstanding principal amounts of the loans (Series 2001D - \$433,000 and Series 2003A - \$2,409,000).
- f. The Resolution of Simpson County Water District references the original principal

amount of the loan (Series 2003C - \$913,000) and the debt service schedule lists the outstanding principal amount of the loan (Series 2003C - \$394,300).

- g. The debt service schedules for the 2003A loan to Warren County Water District were omitted from the original filing. Said schedules are being filed with Mr. Derouen along with the missing POA's and Resolutions.

Please be advised that due to the number of participants in the KRWFC refunding issue, Morgan Keegan has decided to break said issue into two separate issues. This will allow Morgan Keegan sufficient time to finalize the refunding numbers and structure of the issue (this must be done the day of the bond sale). The following is a list of the water districts that are included in each issue:

Series 2013B – Grayson County Water District; Henry County Water District #2; Warren County Water District; Simpson County Water District; McCreary County Water District; Christian County Water District; and Edmonson County Water District. This bond issue is scheduled to sell on February 14, 2013 and close on February 27, 2013.

Series 2013C – Allen County Water District; Big Sandy Water District; Crittenden-Livingston County Water District; East Clark County Water District; Green River Valley Water District; Muhlenberg County Water District; Pendleton County Water District; West McCracken County Water District; and West Shelby Water District. This bond issue is scheduled to sell on March 12, 2013 and close on March 27, 2013.

W. Randall Jones, Esq.

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From: Wuetcher, Jerry (PSC) [mailto:JWuetcher@ky.gov]

Sent: Tuesday, February 12, 2013 12:05 PM

To: Randy Jones

Cc: Lawless, Scott (PSC); Faulkner, Linda (PSC); Smith, Renee C (PSC)

Subject: Case No. 2013-00042: Kentucky Rural Water Finance Corporation

Mr. Jones:

Commission Staff has reviewed the application in the above-referenced case and has discovered a number of issues that are likely to prevent the application from being accepted for filing. These problems are noted below.

1. Missing Power of Attorneys. The application does not contain a power of attorney from

the following utilities:

- a. East Clark County Water District
 - b. Edmonton County Water District
 - c. Grayson County Water District
 - d. Green River Valley Water District
 - e. Henry County Water District No. 2
 - f. McCreary County Water District
 - g. Meade County Water District
 - h. Simpson County Water District
 - i. Warren County Water District
 - j. West McCracken County Water District
 - k. West Shelby Water District
2. Missing Resolutions. The application does not contain a resolution from the Board of Commissioners of the following water districts that authorizes KRWFC to file an application on behalf of the water district:
- a. McCreary County Water District
 - b. Meade County Water District
 - c. West McCracken County Water District
3. There are several inconsistencies between the resolutions found at Exhibit D and the existing debt service documents found at Exhibit B. A list of these inconsistencies appears below:
- a. The resolution from Big Sandy Water District refers to two loan agreements – Series 2001A (\$793,000) and Series 2004D (\$728,000). The debt service information found at Exhibit B to Series 2001A (\$793,000) and Series 2004D (\$732,000). Which is correct?
 - b. The resolution from East Clark County Water District refers to a loan agreement – Series 2002 (\$219,000). The debt service information found at Exhibit B refers to a Series 2002A loan agreement for \$148,000.
 - c. The resolution from Grayson County Water District refers to two loan agreements – Series 2001D (\$364,000) and Series 2004B (\$3,136,000). The debt service information refers only to Series 2004 B agreement.
 - d. The resolution from Green River Valley Water District refers to two loan agreements – Series 2001E (\$519,000) and Series 2003D (\$2,166,000). The debt service information refers to several loan agreements: Series 2001E (\$242,000); Series 2003C (\$1,128,600); Unnamed Series (\$3,567,000); Unnamed Series (\$1,598,000).
 - e. The resolution from Henry County Water District No. 2 refers to two loan agreements – Series 2001D (\$900,000) and Series 2003A (\$2,978,000). The debt service information refers to Series 2001D (\$433,000) and Series 2003A (\$2,409,000).
 - f. The resolution for Simpson County Water District refers to a loan – Series 2003C –

for \$913,000, but the debt service information refers to Series 2003 C in the amount of \$394,300.

- g. The resolution from Warren County Water refers to two loan agreements – Series 2003A (\$2,458,000) and Series 2003 C (\$499,000). The debt service information refers to Series 2003C (\$317,800).

- 4. As the resolutions from three water districts are not found in the application, Commission Staff is unable to ascertain whether the debt service info contained in the application regarding these three water districts is correct.

At this point the application cannot be accepted for filing until receipt of the information identified in Items 1 and 2. Until the discrepancies noted in Item 3 are explained, Commission Staff will not be able to complete its review. While Commission Staff is aware of that the applicants require a completed PSC review and decision by 2/26/2013, without the information listed above it is unlikely that the PSC can complete its review by that date.

If you wish to discuss this matter, please feel free to contact me.

Sincerely,

Gerald E. Wuetcher
Executive Advisor/Attorney
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