



Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Linda K. Breathitt
Commissioner

February 22, 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 electronic mail messages between Commission Staff and the Applicant's representatives have 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

Wuetcher, Jerry (PSC)

From: Randy Jones <wrjones@rubinhays.com>
Sent: Thursday, February 21, 2013 10:47 AM
To: Wuetcher, Jerry (PSC)
Subject: Re: Case No. 2013-00043 - URGENT

One supplemental agreement for warren. One combined payment schedule.

Sent from my iPhone

On Feb 20, 2013, at 11:54 PM, "Wuetcher, Jerry (PSC)" <JWuetcher@ky.gov> wrote:

I have discovered another problem with the application. Warren County WD's resolution indicated that 2 existing KRWFC loans will be modified - Series 2003A and 2003C. In the application, a copy of the present debt service schedule for 2003C (principal = \$317,800) was provided and a revised schedule under the supplemental agreement. Subsequently a schedule for Warren County Water District for a loan of \$1,945,000. It is unclear whether the \$1,945,000 represents the total principal for Series 2003A and 2003C or just for Series 2003A.

I do not believe that the \$1,945,000 represents both series. According to Warren District's 2011 Audit Report, Series A had outstanding principal of \$1,899,000 as of 12/31/2011 and was to have \$84,000 in the next year. Series C had outstanding principal of \$356,500 and was to have \$17,800 in 2012. Assuming these amounts are correct, existing total principal on the combined series is \$2,199,700.

In our exchange of messages today, you stated that only one supplemental agreement would be executed where two or more series were involved. If only one supplemental agreement is executed, I assume only one new debt service payment schedule would be issued. If that is the case, then combining the two proposed debt service schedules would make sense. It would make more sense, however, if only one debt service schedule is provided.

Notwithstanding the one or two schedule, Commission Staff cannot confirm the savings calculations without the present debt service payment schedule for Series 2003A.

Commission Staff needs the following:

- The present debt service schedule for Series 2003A
- Confirmation that the debt schedule in the Application for Series 2003C is correct.
- Confirmation that the proposed debt service schedule submitted on 2/18/2013 (\$1,945,000) is for Series 2003A only (or in the alternative confirmation that it represents combined debt service)
- Confirmation that the submitted proposed debt schedules for Warren District should combined to determine the new debt service for Series 2003A and 2003C under the Supplement Agreement or, in the alternative, confirmation that the calculation of savings should be performed separately.

I recognize that you are traveling tomorrow, but Commission Staff will not be able to proceed without the information. Given the present availability of the PSC Commissioners, it is essential that the information is furnished tomorrow to meet the 2/26/2013 deadline.

I will speak with my superiors tomorrow morning in an attempt to arrange for additional time, but cannot make any guarantees that PSC can act if info is not available by tomorrow. I will be at work by 8:30. You can call me on my direct line or cell phone.

Sincerely,

Gerald E. Wuetcher
Executive Advisor/Attorney
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602
(502) 782-2590 (Direct Line)
(502) 564-3940 (Switchboard)
(502) 564-7279 (Fax)
gerald.wuetcher@ky.gov

Wuetcher, Jerry (PSC)

From: Kristen Millard <Kristen.Curtis@RaymondJames.com>
Sent: Thursday, February 21, 2013 10:46 AM
To: Randy Jones; Wuetcher, Jerry (PSC)
Subject: RE: Case No. 2013-00043 - URGENT
Attachments: Warren 2003 A amortization.pdf; Warren 2003 C amortization.pdf; Warren Co WD Final.xls

Jerry,

Randy passed along your email regarding Warren County Water District so that I could respond to your questions. I've attached the original amortization schedules as well as the final financial schedules that reflect the rates and numbers as a result of the bond sale on 2/14. The water district (actually, all borrowers in this refunding) made their 2/1/13 principal and interest payments (in this case \$85,000 for 2003 A and \$19,700 for 2003 C). That leaves \$1,730,000 in principal outstanding for 2003 A and \$317,800 for 2003 C. However, while the 2003 C issue was borrowed by Warren County Water District, the payments come in part from the City of Bowling Green and in part from a Development Authority (Series 2003 C refunded a USDA-RD bond issue - I don't recall what project the original USDA-RD bond issue was for that the City and Development Authority worked together on). The City of Bowling Green has chosen to pay their portion off in cash, and the Development Authority has chosen to refund their portion, which is why you don't see the full amount of principal that will defease the issue in the schedules (if I included the City's portion in the schedules it would skew the savings schedule, since the part that is being paid off with cash is not technically savings as a result of the refunding).

In confirmation – the \$1,975,000 does represent all of 2003 A and the part of 2003 C that is being refunded. Both the 2003 A and 2003 C loans will be fully defeased upon closing. I know that Randy is traveling today, please feel free to email or call me if you need any further information (my cell phone is 859.433.8028 – I'm actually in Bowling Green today).

Kristen Millard
First Vice President

Public Finance
T: 859.232.8249 F: 859.232.8255
489 East Main Street, Lexington KY 40507

RAYMOND JAMES®

From: Randy Jones [mailto:wrjones@rubinhays.com]
Sent: Thursday, February 21, 2013 9:17 AM
To: Kristen Millard
Subject: Fwd: Case No. 2013-00043 - URGENT

Sent from my iPhone

Begin forwarded message:

From: "Wuetcher, Jerry (PSC)" <JWuetcher@ky.gov>
Date: February 20, 2013, 11:54:30 PM EST

To: "W. Randall Jones Esq." <wrjones@rubinhays.com>

Subject: Case No. 2013-00043 - URGENT

I have discovered another problem with the application. Warren County WD's resolution indicated that 2 existing KRWFC loans will be modified - Series 2003A and 2003C. In the application, a copy of the present debt service schedule for 2003C (principal = \$317,800) was provided and a revised schedule under the supplemental agreement. Subsequently a schedule for Warren County Water District for a loan of \$1,945,000. It is unclear whether the \$1,945,000 represents the total principal for Series 2003A and 2003C or just for Series 2003A.

I do not believe that the \$1,945,000 represents both series. According to Warren District's 2011 Audit Report, Series A had outstanding principal of \$1,899,000 as of 12/31/2011 and was to have \$84,000 in the next year. Series C had outstanding principal of \$356,500 and was to have \$17,800 in 2012. Assuming these amounts are correct, existing total principal on the combined series is \$2,199,700.

In our exchange of messages today, you stated that only one supplemental agreement would be executed where two or more series were involved. If only one supplemental agreement is executed, I assume only one new debt service payment schedule would be issued. If that is the case, then combining the two proposed debt service schedules would make sense. It would make more sense, however, if only one debt service schedule is provided.

Notwithstanding the one or two schedule, Commission Staff cannot confirm the savings calculations without the present debt service payment schedule for Series 2003A.

Commission Staff needs the following:

- The present debt service schedule for Series 2003A
- Confirmation that the debt schedule in the Application for Series 2003C is correct.
- Confirmation that the proposed debt service schedule submitted on 2/18/2013 (\$1,945,000) is for Series 2003A only (or in the alternative confirmation that it represents combined debt service)
- Confirmation that the submitted proposed debt schedules for Warren District should be combined to determine the new debt service for Series 2003A and 2003C under the Supplement Agreement or, in the alternative, confirmation that the calculation of savings should be performed separately.

I recognize that you are traveling tomorrow, but Commission Staff will not be able to proceed without the information. Given the present availability of the PSC Commissioners, it is essential that the information is furnished tomorrow to meet the 2/26/2013 deadline.

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Sincerely,

Gerald E. Wuetcher
Executive Advisor/Attorney
Public Service Commission
P.O. Box 615
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(502) 564-3940 (Switchboard)
(502) 564-7279 (Fax)
gerald.wuetcher@ky.gov

Raymond James & Associates, Inc. The information contained herein is solely intended to suggest/discuss potentially applicable financing applications and is not intended to be a specific buy/sell recommendation, nor is it an official confirmation of terms. Any terms discussed herein are preliminary until confirmed in a definitive written agreement. Changes to any prices, levels, or assumptions contained herein may have a material impact on results. Any estimates or assumptions contained herein represent our best judgment as of the date indicated and are subject to change without notice. Examples are merely representative and are not meant to be all-inclusive. Investors, borrowers, or other market participants should not rely upon this information in making their investment/financing decisions. The information set forth herein was gathered from sources which we believe, but do not guarantee, to be accurate.

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM, SERIES 2003 A

Borrower: Warren County Water District
 Dated Date: 03/25/03

Borrower Payment Schedule

Payment Date	Principal	Interest	Trustee Fees	Total	Fiscal Total
03/25/03					
07/01/03			350.00	40,897.29	40,897.29
01/01/04	60,000.00	4.060%		53,665.53	113,665.53
07/01/04			350.00	52,447.53	166,463.06
01/01/05	64,000.00	4.060%		52,447.53	116,447.53
07/01/05			350.00	51,148.33	167,945.86
01/01/06	66,000.00	4.060%		51,148.33	117,148.33
07/01/06			350.00	49,808.53	167,306.86
01/01/07	69,000.00	4.060%		49,808.53	118,808.53
07/01/07			350.00	48,407.83	167,566.36
01/01/08	70,000.00	4.060%		48,407.83	118,407.83
07/01/08			350.00	46,986.83	165,744.66
01/01/09	73,000.00	4.060%		46,986.83	119,986.83
07/01/09			350.00	45,504.93	165,841.76
01/01/10	77,000.00	4.060%		45,504.93	122,504.93
07/01/10			350.00	43,941.83	166,796.76
01/01/11	80,000.00	4.060%		43,941.83	123,941.83
07/01/11			350.00	42,317.83	166,609.66
01/01/12	84,000.00	4.060%		42,317.83	126,317.83
07/01/12			350.00	40,612.63	167,280.46
01/01/13	85,000.00	4.060%		40,612.63	125,612.63
07/01/13			350.00	38,887.13	164,849.76
01/01/14	90,000.00	4.060%		38,887.13	128,887.13
07/01/14			350.00	37,060.13	166,297.26
01/01/15	93,000.00	4.060%		37,060.13	130,060.13
07/01/15			350.00	35,172.23	165,582.36
01/01/16	97,000.00	4.060%		35,172.23	132,172.23
07/01/16			350.00	33,203.13	165,725.36
01/01/17	101,000.00	4.060%		33,203.13	134,203.13
07/01/17			350.00	31,152.83	165,705.96
01/01/18	105,000.00	4.185%		31,152.83	136,152.83
07/01/18			350.00	28,955.70	165,458.53
01/01/19	110,000.00	4.310%		28,955.70	138,955.70
07/01/19			350.00	26,585.20	165,890.90
01/01/20	115,000.00	4.435%		26,585.20	141,585.20
07/01/20			350.00	24,035.08	165,970.28
01/01/21	120,000.00	4.435%		24,035.08	144,035.08
07/01/21			350.00	21,374.08	165,759.16
01/01/22	126,000.00	4.685%		21,374.08	147,374.08
07/01/22			350.00	18,422.53	166,146.61
01/01/23	131,000.00	4.685%		18,422.53	149,422.53
07/01/23			350.00	15,353.85	165,126.38
01/01/24	138,000.00	4.685%		15,353.85	153,353.85
07/01/24			350.00	12,121.20	165,825.05
01/01/25	144,000.00	4.810%		12,121.20	156,121.20
07/01/25			350.00	8,658.00	165,129.20
01/01/26	151,000.00	4.810%		8,658.00	159,658.00
07/01/26			350.00	5,026.45	165,034.45
01/01/27	159,000.00	4.810%		5,026.45	164,026.45
07/01/27			350.00	1,202.50	165,578.95
01/01/28	50,000.00	4.810%		1,202.50	51,202.50
Totals	<u>2,458,000.00</u>		<u>8,750.00</u>	<u>4,077,735.44</u>	

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2003 C

Borrower: Warren County Water District
 Dated Date: 10/29/03

Borrower Payment Schedule

Payment Date	Principal	Interest	Trustee Fees	Total	Fiscal Total
10/29/03					
01/01/04	17,200.00	2.060%	6,839.92	24,039.92	
07/01/04			10,082.73	10,432.73	34,472.65
01/01/05	20,800.00	2.060%	10,082.73	30,882.73	
07/01/05			9,868.49	10,218.49	41,101.22
01/01/06	15,300.00	2.310%	9,868.49	25,168.49	
07/01/06			9,691.78	10,041.78	35,210.27
01/01/07	15,300.00	2.560%	9,691.78	24,991.78	
07/01/07			9,495.94	9,845.94	34,837.72
01/01/08	19,800.00	2.810%	9,495.94	29,295.94	
07/01/08			9,217.75	9,567.75	38,863.69
01/01/09	14,100.00	3.185%	9,217.75	23,317.75	
07/01/09			8,993.20	9,343.20	32,660.95
01/01/10	20,100.00	3.435%	8,993.20	29,093.20	
07/01/10			8,647.98	8,997.98	38,091.18
01/01/11	20,500.00	3.560%	8,647.98	29,147.98	
07/01/11			8,283.08	8,633.08	37,781.06
01/01/12	17,800.00	3.685%	8,283.08	26,083.08	
07/01/12			7,955.12	8,305.12	34,388.20
01/01/13	20,900.00	3.810%	7,955.12	28,855.12	
07/01/13			7,556.97	7,906.97	36,762.09
01/01/14	19,700.00	3.935%	7,556.97	27,256.97	
07/01/14			7,169.37	7,519.37	34,776.34
01/01/15	22,100.00	4.060%	7,169.37	29,269.37	
07/01/15			6,720.74	7,070.74	36,340.11
01/01/16	23,800.00	4.185%	6,720.74	30,520.74	
07/01/16			6,222.73	6,572.73	37,093.47
01/01/17	20,700.00	4.310%	6,222.73	26,922.73	
07/01/17			5,776.64	6,126.64	33,049.37
01/01/18	25,700.00	4.435%	5,776.64	31,476.64	
07/01/18			5,206.74	5,556.74	37,033.38
01/01/19	23,600.00	5.060%	5,206.74	28,806.74	
07/01/19			4,609.66	4,959.66	33,766.40
01/01/20	31,000.00	5.060%	4,609.66	35,609.66	
07/01/20			3,825.36	4,175.36	39,785.02
01/01/21	28,000.00	5.060%	3,825.36	31,825.36	
07/01/21			3,116.96	3,466.96	36,000.72
01/01/22	28,200.00	5.060%	3,116.96	31,316.96	
07/01/22			2,403.50	2,753.50	34,783.92
01/01/23	30,000.00	5.060%	2,403.50	32,403.50	
07/01/23			1,644.50	1,994.50	35,157.00
01/01/24	35,000.00	5.060%	1,644.50	36,644.50	
07/01/24			759.00	1,109.00	38,639.00
01/01/25	30,000.00	5.060%	759.00	30,759.00	
07/01/25					31,868.00
Totals	<u>499,600.00</u>		<u>281,336.40</u>	<u>7,350.00</u>	<u>788,286.40</u>

Final

\$125,380

Warren County Water District

Refunding Series 2003 C

Sewer - Development Authority Portion

Debt Service To Maturity And To Call

Date	Refunded Bonds	Premium	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
12/31/2013	125,380.18	626.90	253.41	126,260.49	-	-	1,754.35	1,754.35
12/31/2014	-	-	-	-	7,772.15	-	3,419.32	11,191.47
12/31/2015	-	-	-	-	8,719.01	-	3,227.49	11,946.50
12/31/2016	-	-	-	-	9,389.71	-	3,014.71	12,404.42
12/31/2017	-	-	-	-	8,166.68	-	2,806.38	10,973.06
12/31/2018	-	-	-	-	10,139.30	-	2,589.24	12,728.54
12/31/2019	-	-	-	-	9,310.80	-	2,353.72	11,664.52
12/31/2020	-	-	-	-	12,230.29	-	2,046.24	14,276.53
12/31/2021	-	-	-	-	11,046.71	-	1,683.91	12,730.62
12/31/2022	-	-	-	-	11,125.62	-	1,340.24	12,465.86
12/31/2023	-	-	-	-	11,835.76	-	981.38	12,817.14
12/31/2024	-	-	-	-	13,808.39	-	580.93	14,389.32
12/31/2025	-	-	-	-	11,835.76	3.100%	183.45	12,019.21
Total	\$125,380.18	\$626.90	\$253.41	\$126,260.49	\$125,380.18	-	\$25,981.36	\$151,361.54

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	2/27/2013
Average Life	6.938 Years
Average Coupon	2.9865438%
Weighted Average Maturity (Par Basis)	6.938 Years

Refunding Bond Information

Refunding Dated Date	2/27/2013
Refunding Delivery Date	2/27/2013

Raymond James I Morgan Keegan

Wuetcher, Jerry (PSC)

From: Wuetcher, Jerry (PSC)
Sent: Wednesday, February 20, 2013 11:55 PM
To: W. Randall Jones Esq.
Subject: Case No. 2013-00043 - URGENT

Importance: High

I have discovered another problem with the application. Warren County WD's resolution indicated that 2 existing KRWFC loans will be modified - Series 2003A and 2003C. In the application, a copy of the present debt service schedule for 2003C (principal = \$317,800) was provided and a revised schedule under the supplemental agreement. Subsequently a schedule for Warren County Water District for a loan of \$1,945,000. It is unclear whether the \$1,945,000 represents the total principal for Series 2003A and 2003C or just for Series 2003A.

I do not believe that the \$1,945,000 represents both series. According to Warren District's 2011 Audit Report, Series A had outstanding principal of \$1,899,000 as of 12/31/2011 and was to have \$84,000 in the next year. Series C had outstanding principal of \$356,500 and was to have \$17,800 in 2012. Assuming these amounts are correct, existing total principal on the combined series is \$2,199,700.

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Notwithstanding the one or two schedule, Commission Staff cannot confirm the savings calculations without the present debt service payment schedule for Series 2003A.

Commission Staff needs the following:

- The present debt service schedule for Series 2003A
- Confirmation that the debt schedule in the Application for Series 2003C is correct.
- Confirmation that the proposed debt service schedule submitted on 2/18/2013 (\$1,945,000) is for Series 2003A only (or in the alternative confirmation that it represents combined debt service)
- Confirmation that the submitted proposed debt schedules for Warren District should combined to determine the new debt service for Series 2003A and 2003C under the Supplement Agreement or, in the alternative, confirmation that the calculation of savings should be performed separately.

I recognize that you are traveling tomorrow, but Commission Staff will not be able to proceed without the information. Given the present availability of the PSC Commissioners, it is essential that the information is furnished tomorrow to meet the 2/26/2013 deadline.

I will speak with my superiors tomorrow morning in an attempt to arrange for additional time, but cannot make any guarantees that PSC can act if info is not available by tomorrow. I will be at work by 8:30. You can call me on my direct line or cell phone.

Sincerely,

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(502) 564-3940 (Switchboard)

(502) 564-7279 (Fax)
gerald.wuetcher@ky.gov

Wuetcher, Jerry (PSC)

From: Randy Jones <wrjones@rubinhays.com>
Sent: Wednesday, February 20, 2013 1:16 PM
To: Wuetcher, Jerry (PSC)
Subject: RE: Case No. 2013-00042

One Supplemental Assistance Agreement and one payment schedule for Districts with multiple loans being refunded.

W. Randall Jones, Esq.
Rubin & Hays
450 South Third Street, Suite 300
Louisville, Kentucky 40202
Telephone: (502) 569-7534
Fax: (502) 569-7555
Email: wrjones@rubinhays.com

From: Wuetcher, Jerry (PSC) [<mailto:JWuetcher@ky.gov>]
Sent: Wednesday, February 20, 2013 12:02 PM
To: Randy Jones
Subject: RE: Case No. 2013-00042

It will work. Unfortunately, you need to overnight 11 copies.

Question: Several of the water districts that have more than one loan. Is a Supplemental Agreement issued for each Loan? If more than one loan is involved, does the supplemental agreement specify just one payment schedule that combines the payments for the loans?

From: Randy Jones [<mailto:wrjones@rubinhays.com>]
Sent: Wednesday, February 20, 2013 10:53 AM
To: Wuetcher, Jerry (PSC)
Subject: RE: Case No. 2013-00042

Please review the attached Motion and let me know if it covers the bases.

Once you have approved the Motion, I will sign, scan and email it to you and overnight the original to Mr. Derouen.

Do I need to overnight 11 copies?

W. Randall Jones, Esq.
Rubin & Hays
450 South Third Street, Suite 300
Louisville, Kentucky 40202
Telephone: (502) 569-7534
Fax: (502) 569-7555
Email: wrjones@rubinhays.com

From: Wuetcher, Jerry (PSC) [<mailto:JWuetcher@ky.gov>]
Sent: Tuesday, February 19, 2013 4:42 PM
To: Randy Jones
Subject: RE: Case No. 2013-00042

OK. Please call me in the morning to ensure that we are both on the same sheet of music.

From: Randy Jones [<mailto:wrjones@rubinhays.com>]
Sent: Tuesday, February 19, 2013 4:41 PM
To: Wuetcher, Jerry (PSC)
Subject: Re: Case No. 2013-00042

Out of town at a closing today. I can file motion tomorrow by email followed by hard copies.

Sent from my iPhone

On Feb 19, 2013, at 4:12 PM, "Wuetcher, Jerry (PSC)" <JWuetcher@ky.gov> wrote:

Randy:

In order to obtain order for the first group of refinancings, I will need a motion asking PSC to proceed to authorize that group. I have been advised that PSC will not act without a motion. As the Commissioners will be unavailable after Thursday afternoon, I need something quickly.

Please call me at your convenience.

Gerald E. Wuetcher
Executive Advisor/Attorney
Public Service Commission of Kentucky
gerald.wuetcher@ky.gov
Office: (502) 564-3940
Direct: (502) 782-2590
Cell: (502) 229-6500