

Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 www.rubinhays.com

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

March 23, 2015

RECEIVED

MAR 26 2015

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Re: Nicholas County Water District PSC Application

Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the Nicholas County Water District for an Order authorizing the District to issue securities pursuant to KRS 278.300.

Please be advised that the District is requesting the Commission to expedite this Application and issue the approving Order on or before April 30, 2015 due to the fact that an upward shift in the current interest rate market could negate any interest cost savings to the District.

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. Georgia Livingood, Nicholas County Water District
Ms. Kristen Millard, Raymond James and Associates

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

MAR 26 2015

PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF NICHOLAS COUNTY)
WATER DISTRICT TO ISSUE SECURITIES IN)
THE APPROXIMATE PRINCIPAL AMOUNT OF)
\$1,900,000 FOR THE PURPOSE OF REFUNDING)
CERTAIN OUTSTANDING REVENUE BONDS OF)
THE DISTRICT AND PROVIDING FUNDS TO)
COMPLETE THE FINANCING OF A WATER)
IMPROVEMENTS PROJECT PURSUANT TO THE)
PROVISIONS OF KRS 278.300 AND 807 KAR 5:001)

CASE NO. 2015 - _____

** *** **** ***** **** *** **

APPLICATION

The Applicant, Nicholas County Water District (the "District"), files this Application pursuant to KRS 278.300, 807 KAR 5:001, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the "Commission") enter an Order authorizing the District to issue certain securities in the approximate principal amount of \$1,900,000 (subject to adjustment of up to 10%), for the purpose of refunding certain outstanding waterworks revenue bonds of the District and completing the financing of a water improvements project. In support of this Application, and in compliance with the rules and regulations of the Commission, the District states as follows:

1. The District was established in accordance with the provisions of Chapter 74 of the Kentucky Revised Statutes pursuant to an Order of the County Judge/Executive of Nicholas County,

which Order is on file in the County Court Order Books in the office of the Clerk of Nicholas County, Kentucky. The District is now, and has been since its inception, regulated by the Commission, and all records and proceedings of the Commission with reference to the District are incorporated in this Application by reference. The District does not have any Articles of Incorporation due to the fact that it is a statutory entity.

2. The governing body of the District is its Board of Commissioners which is a public body corporate, with power to make contracts in furtherance of its lawful and proper purpose as provided for in KRS 74.070 and all applicable law and regulations.

3. The mailing address of the District is as follows:

Nicholas County Water District
c/o Ms. Georgia Livingood, Manager
1639 Old Paris Road
Carlisle, Kentucky 40311
Telephone: (859) 289-3157
Fax: (859) 289-8131
Email: newd@bellsouth.net

4. A general description of the District's water system property, together with a statement of the original cost, is contained in the District's Annual Report for 2013 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. The District proposes to borrow funds from the Kentucky Rural Water Finance Corporation ("KRWFC") pursuant to an Assistance Agreement (the "KRWFC Loan"), in the estimated principal amount of \$1,900,000 (subject to adjustment of up to 10%) for the purpose of (a) refunding the outstanding revenue bonds designated as (i) Nicholas County Water District Waterworks System Revenue Bonds, Series 1994A, dated February 17, 1995, in the original principal amount of \$650,000, bearing interest at the rate of 4.50% per annum (the "1994A Bonds");

(ii) Nicholas County Water District Waterworks System Revenue Bonds, Series 1994B, dated February 17, 1995, in the original principal amount of \$442,000, bearing interest at the rate of 4.50% per annum (the "1994B Bonds"); (iii) Nicholas County Water District Waterworks Revenue Bonds, Series 1998, dated February 10, 1998, in the original principal amount of \$247,000, bearing interest at the rate of 4.50% per annum (the "1998 Bonds"); and (iv) Nicholas County Water District Waterworks Revenue Bonds, Series 2000, dated August 9, 2001, in the original principal amount of \$858,000, bearing interest at the rate of 4.375% per annum (the "2000 Bonds")(hereinafter, the 1994A Bonds, the 1994B Bonds, the 1998 Bonds and the 2000 Bonds shall be collectively referred to as the "Prior Bonds"); and (b) completing the financing of a water improvements project (see explanation in paragraph #6). The Prior Bonds are held by the U.S. Department of Agriculture, acting through Rural Development ("RD").

6. The District filed an application with the PSC in **Case No. 2014-00325** pursuant to KRS 278.023 and the PSC issued its Order on October 9, 2014 granting the District (i) a Certificate of Public Convenience and Necessity to construct a water improvements project (the "Project"); (ii) authorizing the issuance of securities; and (iii) a water rate increase. The District and its engineer anticipated the receipt of a Tobacco Settlement grant in the amount of \$185,000 (the "TS Grant") as part of the funding of the Project, which grant was not received as of the date of closing of the \$555,000 of waterworks revenue bonds, series 2014 (the "2014 Bonds") which were purchased by RD. In an effort not to delay the construction of the Project, RD agreed to allow the 2014 Bonds to be closed and the Project to proceed provided the District agreed that it would furnish the \$185,000 needed to complete the Project in the event that the TS Grant was not received. After much negotiation with the Commonwealth of Kentucky, the TS Grant was never received by the

District. The Project is currently under construction and accordingly, the District is proposing to use \$185,000 of the proceeds of the KRWFC Loan to make up the shortfall in the funding of the construction of the Project.

7. The estimated debt service for the KRWFC Loan is shown in **Exhibit A** which is attached hereto and incorporated herein by reference. The debt service schedule and estimated interest rates are subject to change because of market conditions. The final terms and details of the KRWFC Loan may vary from the present assumptions based upon market conditions and other business judgment factors.

8. The KRWFC Loan will provide the District with the funds necessary to (i) refund the Prior Bonds; (ii) finance the completion of the construction of the Project; and (iii) pay the fees and expenses incident to the issuance of the KRWFC Loan.

9. The Sources and Uses of Funds to be obtained from the issuance of the KRWFC Loan are detailed as **Exhibit B**, which is attached hereto and incorporated herein by reference.

10. It is anticipated that the proposed refinancing will result in a net present value cashflow savings of approximately \$183,583.67. These savings are shown on the Debt Service Comparison, which is attached hereto and incorporated herein by reference as **Exhibit C**.

11. The final principal amount of the KRWFC Loan will be adjusted based upon final interest rates which will be known on or about the date of sale of the proposed KRWFC Loan. Final financial figures will be submitted to the Commission in a timely manner. The Applicant will not issue the securities if interest rates in the bond market shift to a point where the Applicant will not achieve any debt service savings.

12. The Debt Service Schedule of the outstanding Prior Bonds being refunded is set forth in **Exhibit D**.

13. The District represents that the KRWFC Loan is in the public interest and is intended to accomplish the purpose of (i) strengthening the financial condition of the District by producing substantial debt service savings; and (ii) completing the financing of the construction of the Project. These are lawful objects within the corporate purposes of the District's utility operations. The KRWFC Loan is necessary, appropriate for, and consistent with the proper performance by the District of its service to the public and will not impair its ability to perform that service.

14. The District represents that it will, as soon as reasonably possible after the closing of the KRWFC Loan, file with the Commission a statement setting forth the date of issuance of the KRWFC Loan, the price paid, the fees and expenses incurred in the issuance of the KRWFC Loan, and the terms and interest rates of the KRWFC Loan.

15. The detailed Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Net Assets for the twelve month period ending on December 31, 2013 are attached hereto and incorporated herein by reference as **Exhibit E** respectively.

16. Pursuant to 807 KAR 5:001, Section 12 - Financial Exhibit; the District hereby responds as follows:

- (i) Section 12(1)(b): The District states that it had less than \$5,000,000 in gross annual revenue in the immediate past calendar year and that no material changes to the District's financial condition have occurred since the end of the twelve (12) month period contained in the District's most recent annual report on file with the Commission.

- (ii) Section 12(2)(a), (b) and (c) Stock: The District does not have any authorized, issued or outstanding stock as of the date hereof.
 - (iii) Section 12(2)(d) Mortgages: The District does not have any outstanding mortgages as of the date hereof.
 - (iv) Section 12(2)(e), (f) and (g) Indebtedness: The information concerning the outstanding indebtedness of the District is contained in the 2013 Annual Report on file with this Commission.
 - (v) Section 12(2)(h) Dividends: The District has no outstanding stock and therefore pays no dividends.
 - (vi) Section 12(2)(i) Financial Statements: See paragraph #15 above.
17. Pursuant to 807 KAR 5:001, Section 18, the District hereby responds as follows:
- (i) Section 18(1)(a): The District has complied with the requirements of 807 KAR 5:001, Section 14.
 - (ii) Section 18(1)(b): A general description of the District's property, its field of operation and a statement of original cost of said property and the cost to the District is contained in the District's 2013 Annual Report on file with this Commission.
 - (iii) Section 18(1)(c): The District is not issuing any stock as part of this financing. The information concerning the proposed KRWFC Loan is contained in this Application. The KRWFC Loan will be secured by and payable from the gross revenues of the District's water system.

- (iv) Section 18(1)(d): The proceeds of the KRWFC Loan are being used to refund the outstanding Prior Bonds and complete the financing of the Project.
- (v) Section 18(1)(e): No property is being acquired with the proceeds of the KRWFC Loan.
- (vi) Section 18(1)(f): The details of the refunding of the Prior Bonds are contained in this Application and the Exhibits hereto.
- (vii) Section 18(1)(g): Written notification of the proposed issuance of the KRWFC Loan is being provided to the State Local Debt Officer.
- (viii) Section 18(2)(a): See paragraph #16 above.
- (ix) Section 18(2)(b): The District does not have any outstanding trust deeds or mortgages.
- (x) Section 18(2)(c): No property is being acquired with the proceeds of the KRWFC Loan.

18. No rate adjustment will be necessary.

WHEREFORE, the District respectfully requests that the Commission take the following actions:

1. Authorize the issuance of the securities requested in the Application;
2. Due to the volatility of the present bond market and in order to achieve substantial interest cost savings to the District by taking full advantage of current low interest rates, the District requests that the Commission issued its Order on or before April 30, 2015; and
3. Process this Application without a formal hearing in order to save time and expense.

The District will promptly respond to any information requests by the Commission's staff.

Nicholas County Water District

By Debbie Sweet
Debbie Sweet, Chairperson
1639 Old Paris Road
Carlisle, Kentucky 40311
Telephone: (859) 289-3157
Fax: (859) 289-8131
Email: ncwd@bellsouth.net

Rubin & Hays

By W. Randall Jones
W. Randall Jones
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Phone: (502) 569-7525
Fax: (502) 569-7555
Counsel for Nicholas County Water District
wrjones@rubinhays.com

STATE OF KENTUCKY)
) SS
COUNTY OF NICHOLAS)

The affiant, Debbie Sweet, being first duly sworn, states: That she is the Chairperson of the Nicholas County Water District, the Applicant in this case; that she has read the foregoing Application and has noted the contents thereof; that the same are true of her own knowledge and belief, except as to matters which are herein stated to be based on information or belief, and that these matters, she believes to be true and correct.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 17 day of March, 2015.

Debbie Sweet
Debbie Sweet, Chairperson

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Debbie Sweet, Chairperson of the Nicholas County Water District, on this the 17 day of March, 2015.

My Commission expires: August 26, 2017.

Georgia Livingston
NOTARY PUBLIC

Preliminary

\$1,900,000

Nicholas County Water District
 Potential Refunding through the
 Kentucky Rural Water Finance Corporation

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
01/04/2015	-	-	-	-	-
06/01/2015	-	-	20,000.73	20,000.73	-
12/31/2015	-	-	-	-	20,000.73
02/01/2016	75,000.00	2.150%	28,918.25	103,918.25	-
06/01/2016	-	-	28,072.50	28,072.50	-
12/31/2016	-	-	-	-	131,990.75
02/01/2017	75,000.00	2.400%	28,072.50	103,072.50	-
06/01/2017	-	-	27,171.50	27,171.50	-
12/31/2017	-	-	-	-	130,143.00
02/01/2018	75,000.00	2.500%	27,171.50	102,171.50	-
06/01/2018	-	-	26,235.00	26,235.00	-
12/31/2018	-	-	-	-	128,407.50
02/01/2019	85,000.00	2.650%	26,235.00	111,235.00	-
06/01/2019	-	-	25,106.75	25,106.75	-
12/31/2019	-	-	-	-	136,543.75
02/01/2020	85,000.00	2.650%	25,106.75	110,106.75	-
06/01/2020	-	-	23,982.50	23,982.50	-
12/31/2020	-	-	-	-	134,091.25
02/01/2021	90,000.00	2.850%	23,982.50	113,982.50	-
06/01/2021	-	-	22,700.00	22,700.00	-
12/31/2021	-	-	-	-	131,643.50
02/01/2022	90,000.00	3.450%	22,700.00	112,700.00	-
06/01/2022	-	-	21,147.50	21,147.50	-
12/31/2022	-	-	-	-	133,847.50
02/01/2023	95,000.00	3.400%	19,532.50	116,147.50	-
06/01/2023	-	-	19,532.50	19,532.50	-
12/31/2023	-	-	-	-	135,660.00
02/01/2024	95,000.00	3.150%	19,532.50	114,532.50	-
06/01/2024	-	-	17,988.75	17,988.75	-
12/31/2024	-	-	-	-	131,511.15
02/01/2025	100,000.00	3.150%	17,988.75	117,988.75	-
06/01/2025	-	-	16,413.75	16,413.75	-
12/31/2025	-	-	-	-	134,402.50
02/01/2026	80,000.00	3.050%	16,413.75	96,413.75	-
06/01/2026	-	-	15,193.75	15,193.75	-
12/31/2026	-	-	-	-	111,607.50
02/01/2027	80,000.00	3.050%	15,193.75	95,193.75	-
06/01/2027	-	-	13,973.75	13,973.75	-
12/31/2027	-	-	-	-	109,167.50
02/01/2028	85,000.00	3.100%	13,973.75	99,973.75	-
06/01/2028	-	-	12,654.25	12,654.25	-
12/31/2028	-	-	-	-	111,630.00
02/01/2029	90,000.00	3.100%	12,654.25	102,654.25	-
06/01/2029	-	-	11,261.25	11,261.25	-
12/31/2029	-	-	-	-	113,917.50
02/01/2030	90,000.00	3.050%	11,261.25	101,261.25	-
06/01/2030	-	-	9,808.75	9,808.75	-
12/31/2030	-	-	-	-	111,150.00
02/01/2031	95,000.00	3.050%	9,808.75	104,808.75	-
06/01/2031	-	-	8,440.00	8,440.00	-
12/31/2031	-	-	-	-	113,338.75
02/01/2032	95,000.00	3.150%	8,440.00	103,440.00	-
06/01/2032	-	-	6,943.75	6,943.75	-
12/31/2032	-	-	-	-	110,183.75
02/01/2033	100,000.00	3.150%	6,943.75	106,943.75	-
06/01/2033	-	-	5,368.75	5,368.75	-
12/31/2033	-	-	-	-	112,312.50
02/01/2034	100,000.00	3.100%	5,368.75	105,368.75	-
06/01/2034	-	-	3,768.75	3,768.75	-
12/31/2034	-	-	-	-	109,137.50
02/01/2035	40,000.00	3.250%	3,768.75	43,768.75	-
06/01/2035	-	-	3,118.75	3,118.75	-
12/31/2035	-	-	-	-	46,887.50
02/01/2036	40,000.00	3.350%	3,118.75	43,118.75	-
06/01/2036	-	-	2,448.75	2,448.75	-
12/31/2036	-	-	-	-	45,567.50
02/01/2037	45,000.00	3.450%	2,448.75	47,448.75	-
06/01/2037	-	-	1,672.50	1,672.50	-
12/31/2037	-	-	-	-	48,121.25
02/01/2038	30,000.00	3.450%	1,672.50	31,672.50	-
06/01/2038	-	-	1,155.00	1,155.00	-
12/31/2038	-	-	-	-	33,837.50
02/01/2039	30,000.00	3.500%	1,155.00	31,155.00	-
06/01/2039	-	-	630.00	630.00	-
12/31/2039	-	-	-	-	31,785.00
02/01/2040	35,000.00	3.600%	630.00	35,630.00	-
12/31/2040	-	-	-	-	35,630.00
Total	\$1,800,000.00	-	\$68,744.48	\$338,744.48	-

Yield Statistics

Bond Year Dollars	\$22,014.72
Average Life	11.587 Years
Average Coupon	3.173873%

Net Interest Cost (NIC)	3,205,721%
Total Interest Cost (TIC)	3,204,948%
Bond Yield for Average Purpose	3.074086%
All Inclusive Cost (AIC)	3.442480%

ISS Form 8038	3.049431%
Net Interest Cost	11.462 Years

Raymond James

Public Finance

Preliminary

\$1,900,000

Nicholas County Water District
Potential Refunding through the
Kentucky Rural Water Finance Corporation

Total Issue Sources And Uses

Dated 03/26/2015 | Delivered 03/26/2015

	Refunding	Construction Funds	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$1,715,000.00	\$185,000.00	\$1,900,000.00
Reoffering Premium	19,294.50	6,955.95	26,250.45
Transfers from Prior Issue Debt Service Funds	20,648.44	-	20,648.44
Total Sources	\$1,754,942.94	\$191,955.95	\$1,946,898.89
Uses Of Funds			
Total Underwriter's Discount (1.750%)	30,012.50	3,237.50	33,250.00
Costs of Issuance	30,238.16	3,261.84	33,500.00
Deposit to Project Construction Fund	-	185,000.00	185,000.00
Deposit to Current Refunding Fund	1,693,154.73	-	1,693,154.73
Rounding Amount	1,537.55	456.61	1,994.16
Total Uses	\$1,754,942.94	\$191,955.95	\$1,946,898.89

Preliminary

\$1,715,000

Nicholas County Water District
Potential Refunding through
the Kentucky Rural Water Finance Corporation

Debt Service Comparison

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
12/31/2015	18,222.22	-	18,222.22	38,445.31	20,223.09
12/31/2016	111,805.00	408.08	112,213.08	122,805.62	10,592.54
12/31/2017	110,410.00	410.14	110,820.14	122,587.19	11,767.05
12/31/2018	108,940.00	412.39	109,352.39	122,275.94	12,923.55
12/31/2019	112,328.75	416.04	112,744.79	122,849.37	10,104.58
12/31/2020	110,606.25	420.10	111,026.35	122,303.75	11,277.40
12/31/2021	113,747.50	424.56	114,172.06	123,131.88	8,959.82
12/31/2022	111,542.50	429.62	111,972.12	121,844.69	9,872.57
12/31/2023	114,060.00	435.37	114,495.37	123,415.94	8,920.57
12/31/2024	111,566.25	442.07	112,008.32	121,849.69	9,841.37
12/31/2025	114,087.50	450.00	114,537.50	123,630.94	9,093.44
12/31/2026	111,607.50	450.00	112,057.50	122,737.19	10,679.69
12/31/2027	109,167.50	450.00	109,617.50	122,705.94	13,088.44
12/31/2028	111,630.00	450.00	112,080.00	123,488.75	11,408.75
12/31/2029	113,917.50	450.00	114,367.50	123,574.37	9,206.87
12/31/2030	111,150.00	450.00	111,600.00	122,496.25	10,896.25
12/31/2031	113,328.75	450.00	113,778.75	123,232.19	9,453.44
12/31/2032	110,383.75	450.00	110,833.75	121,297.19	10,463.44
12/31/2033	112,312.50	450.00	112,762.50	123,154.07	10,391.57
12/31/2034	109,137.50	450.00	109,587.50	120,799.07	11,211.57
12/31/2035	46,887.50	450.00	47,337.50	59,773.13	12,435.63
12/31/2036	45,567.50	450.00	46,017.50	59,591.57	13,574.07
12/31/2037	49,121.25	450.00	49,571.25	59,322.19	9,750.94
12/31/2038	32,827.50	450.00	33,277.50	45,768.75	12,491.25
12/31/2039	31,785.00	450.00	32,235.00	45,931.25	13,696.25
12/31/2040	35,630.00	450.00	36,080.00	46,495.31	10,415.31
Total	\$2,381,769.72	\$10,998.37	\$2,392,768.09	\$2,685,507.54	\$292,739.45

PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	292,739.45
Gross PV Debt Service Savings	209,933.26
Effects of changes in Expenses	(7,238.70)
Net PV Cashflow Savings @ 3.465%(AIC)	202,694.56
Transfers from Prior Issue Debt Service Fund	(20,648.44)
Contingency or Rounding Amount	1,537.55
Net Present Value Benefit	\$183,583.67
Net PV Benefit / \$1,675,000 Refunded Principal	10.960%
Net Future Value Benefit	\$273,628.56
Net PV Benefit / \$1,715,000 Refunding Principal	10.705%
Average Annual Cash Flow Savings	11,709.58

Refunding Bond Information

Refunding Dated Date	3/26/2015
Refunding Delivery Date	3/26/2015

Raymond James

Preliminary

\$650,000 - Series 1994A

Nicholas County Water District

Loan 91-03

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
07/01/2015	-	-	10,485.00	10,485.00
01/01/2016	16,000.00	4.500%	10,485.00	26,485.00
07/01/2016	-	-	10,125.00	10,125.00
01/01/2017	16,000.00	4.500%	10,125.00	26,125.00
07/01/2017	-	-	9,765.00	9,765.00
01/01/2018	17,000.00	4.500%	9,765.00	26,765.00
07/01/2018	-	-	9,382.50	9,382.50
01/01/2019	18,000.00	4.500%	9,382.50	27,382.50
07/01/2019	-	-	8,977.50	8,977.50
01/01/2020	18,000.00	4.500%	8,977.50	26,977.50
07/01/2020	-	-	8,572.50	8,572.50
01/01/2021	20,000.00	4.500%	8,572.50	28,572.50
07/01/2021	-	-	8,122.50	8,122.50
01/01/2022	20,000.00	4.500%	8,122.50	28,122.50
07/01/2022	-	-	7,672.50	7,672.50
01/01/2023	22,000.00	4.500%	7,672.50	29,672.50
07/01/2023	-	-	7,177.50	7,177.50
01/01/2024	22,000.00	4.500%	7,177.50	29,177.50
07/01/2024	-	-	6,682.50	6,682.50
01/01/2025	24,000.00	4.500%	6,682.50	30,682.50
07/01/2025	-	-	6,142.50	6,142.50
01/01/2026	25,000.00	4.500%	6,142.50	31,142.50
07/01/2026	-	-	5,580.00	5,580.00
01/01/2027	26,000.00	4.500%	5,580.00	31,580.00
07/01/2027	-	-	4,995.00	4,995.00
01/01/2028	28,000.00	4.500%	4,995.00	32,995.00
07/01/2028	-	-	4,365.00	4,365.00
01/01/2029	29,000.00	4.500%	4,365.00	33,365.00
07/01/2029	-	-	3,712.50	3,712.50
01/01/2030	30,000.00	4.500%	3,712.50	33,712.50
07/01/2030	-	-	3,037.50	3,037.50
01/01/2031	32,000.00	4.500%	3,037.50	35,037.50
07/01/2031	-	-	2,317.50	2,317.50
01/01/2032	33,000.00	4.500%	2,317.50	35,317.50
07/01/2032	-	-	1,575.00	1,575.00
01/01/2033	35,000.00	4.500%	1,575.00	36,575.00
07/01/2033	-	-	787.50	787.50
01/01/2034	35,000.00	4.500%	787.50	35,787.50
Total	\$466,000.00	-	\$238,950.00	\$704,950.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	3/26/2015
Average Life	11.159 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	11.159 Years

Refunding Bond Information

Refunding Dated Date	3/26/2015
Refunding Delivery Date	3/26/2015

Raymond James

Preliminary

\$442,000 - Series 1994B

Nicholas County Water District

Loan 91-05

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
07/01/2015	-	-	8,373.75	8,373.75
01/01/2016	10,000.00	5.250%	8,373.75	18,373.75
07/01/2016	-	-	8,111.25	8,111.25
01/01/2017	11,000.00	5.250%	8,111.25	19,111.25
07/01/2017	-	-	7,822.50	7,822.50
01/01/2018	11,000.00	5.250%	7,822.50	18,822.50
07/01/2018	-	-	7,533.75	7,533.75
01/01/2019	12,000.00	5.250%	7,533.75	19,533.75
07/01/2019	-	-	7,218.75	7,218.75
01/01/2020	13,000.00	5.250%	7,218.75	20,218.75
07/01/2020	-	-	6,877.50	6,877.50
01/01/2021	13,000.00	5.250%	6,877.50	19,877.50
07/01/2021	-	-	6,536.25	6,536.25
01/01/2022	14,000.00	5.250%	6,536.25	20,536.25
07/01/2022	-	-	6,168.75	6,168.75
01/01/2023	15,000.00	5.250%	6,168.75	21,168.75
07/01/2023	-	-	5,775.00	5,775.00
01/01/2024	15,000.00	5.250%	5,775.00	20,775.00
07/01/2024	-	-	5,381.25	5,381.25
01/01/2025	17,000.00	5.250%	5,381.25	22,381.25
07/01/2025	-	-	4,935.00	4,935.00
01/01/2026	17,000.00	5.250%	4,935.00	21,935.00
07/01/2026	-	-	4,488.75	4,488.75
01/01/2027	18,000.00	5.250%	4,488.75	22,488.75
07/01/2027	-	-	4,016.25	4,016.25
01/01/2028	19,000.00	5.250%	4,016.25	23,016.25
07/01/2028	-	-	3,517.50	3,517.50
01/01/2029	20,000.00	5.250%	3,517.50	23,517.50
07/01/2029	-	-	2,992.50	2,992.50
01/01/2030	21,000.00	5.250%	2,992.50	23,992.50
07/01/2030	-	-	2,441.25	2,441.25
01/01/2031	22,000.00	5.250%	2,441.25	24,441.25
07/01/2031	-	-	1,863.75	1,863.75
01/01/2032	22,000.00	5.250%	1,863.75	23,863.75
07/01/2032	-	-	1,286.25	1,286.25
01/01/2033	24,000.00	5.250%	1,286.25	25,286.25
07/01/2033	-	-	656.25	656.25
01/01/2034	25,000.00	5.250%	656.25	25,656.25
Total	\$319,000.00	-	\$191,992.50	\$510,992.50

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	3/26/2015
Average Life	11.228 Years
Average Coupon	5.2500000%
Weighted Average Maturity (Par Basis)	11.228 Years

Refunding Bond Information

Refunding Dated Date	3/26/2015
Refunding Delivery Date	3/26/2015

Raymond James

Preliminary

\$247,000 - Series 1998

Nicholas County Water District

Loan 91-06

Total Refunded Debt Service

Date	PrInclpal	Coupon	Interest	Total P+I
07/01/2015	-	-	4,241.25	4,241.25
01/01/2016	5,000.00	4.500%	4,241.25	9,241.25
07/01/2016	-	-	4,128.75	4,128.75
01/01/2017	5,500.00	4.500%	4,128.75	9,628.75
07/01/2017	-	-	4,005.00	4,005.00
01/01/2018	5,500.00	4.500%	4,005.00	9,505.00
07/01/2018	-	-	3,881.25	3,881.25
01/01/2019	6,000.00	4.500%	3,881.25	9,881.25
07/01/2019	-	-	3,746.25	3,746.25
01/01/2020	6,000.00	4.500%	3,746.25	9,746.25
07/01/2020	-	-	3,611.25	3,611.25
01/01/2021	6,500.00	4.500%	3,611.25	10,111.25
07/01/2021	-	-	3,465.00	3,465.00
01/01/2022	6,500.00	4.500%	3,465.00	9,965.00
07/01/2022	-	-	3,318.75	3,318.75
01/01/2023	7,000.00	4.500%	3,318.75	10,318.75
07/01/2023	-	-	3,161.25	3,161.25
01/01/2024	7,500.00	4.500%	3,161.25	10,661.25
07/01/2024	-	-	2,992.50	2,992.50
01/01/2025	7,500.00	4.500%	2,992.50	10,492.50
07/01/2025	-	-	2,823.75	2,823.75
01/01/2026	8,000.00	4.500%	2,823.75	10,823.75
07/01/2026	-	-	2,643.75	2,643.75
01/01/2027	8,500.00	4.500%	2,643.75	11,143.75
07/01/2027	-	-	2,452.50	2,452.50
01/01/2028	8,500.00	4.500%	2,452.50	10,952.50
07/01/2028	-	-	2,261.25	2,261.25
01/01/2029	9,500.00	4.500%	2,261.25	11,761.25
07/01/2029	-	-	2,047.50	2,047.50
01/01/2030	9,500.00	4.500%	2,047.50	11,547.50
07/01/2030	-	-	1,833.75	1,833.75
01/01/2031	10,000.00	4.500%	1,833.75	11,833.75
07/01/2031	-	-	1,608.75	1,608.75
01/01/2032	10,500.00	4.500%	1,608.75	12,108.75
07/01/2032	-	-	1,372.50	1,372.50
01/01/2033	11,000.00	4.500%	1,372.50	12,372.50
07/01/2033	-	-	1,125.00	1,125.00
01/01/2034	11,500.00	4.500%	1,125.00	12,625.00
07/01/2034	-	-	866.25	866.25
01/01/2035	12,500.00	4.500%	866.25	13,366.25
07/01/2035	-	-	585.00	585.00
01/01/2036	13,000.00	4.500%	585.00	13,585.00
07/01/2036	-	-	292.50	292.50
01/01/2037	13,000.00	4.500%	292.50	13,292.50
Total	\$188,500.00	-	\$112,927.50	\$301,427.50

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	3/26/2015
Average Life	13.077 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	13.077 Years

Refunding Bond Information

Refunding Dated Date	3/26/2015
Refunding Delivery Date	3/26/2015

Raymond James

Preliminary

\$858,000 - Series 2000

Nicholas County Water District

Loan 91-03 #2

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
07/01/2015	-	-	15,345.31	15,345.31
01/01/2016	16,000.00	4.375%	15,345.31	31,345.31
07/01/2016	-	-	14,995.31	14,995.31
01/01/2017	16,500.00	4.375%	14,995.31	31,495.31
07/01/2017	-	-	14,634.38	14,634.38
01/01/2018	17,500.00	4.375%	14,634.38	32,134.38
07/01/2018	-	-	14,251.56	14,251.56
01/01/2019	18,000.00	4.375%	14,251.56	32,251.56
07/01/2019	-	-	13,857.81	13,857.81
01/01/2020	19,000.00	4.375%	13,857.81	32,857.81
07/01/2020	-	-	13,442.19	13,442.19
01/01/2021	20,000.00	4.375%	13,442.19	33,442.19
07/01/2021	-	-	13,004.69	13,004.69
01/01/2022	20,500.00	4.375%	13,004.69	33,504.69
07/01/2022	-	-	12,556.25	12,556.25
01/01/2023	21,500.00	4.375%	12,556.25	34,056.25
07/01/2023	-	-	12,085.94	12,085.94
01/01/2024	22,500.00	4.375%	12,085.94	34,585.94
07/01/2024	-	-	11,593.75	11,593.75
01/01/2025	23,500.00	4.375%	11,593.75	35,093.75
07/01/2025	-	-	11,079.69	11,079.69
01/01/2026	24,500.00	4.375%	11,079.69	35,579.69
07/01/2026	-	-	10,543.75	10,543.75
01/01/2027	25,500.00	4.375%	10,543.75	36,043.75
07/01/2027	-	-	9,985.94	9,985.94
01/01/2028	27,000.00	4.375%	9,985.94	36,985.94
07/01/2028	-	-	9,395.31	9,395.31
01/01/2029	28,000.00	4.375%	9,395.31	37,395.31
07/01/2029	-	-	8,782.81	8,782.81
01/01/2030	29,000.00	4.375%	8,782.81	37,782.81
07/01/2030	-	-	8,148.44	8,148.44
01/01/2031	30,500.00	4.375%	8,148.44	38,648.44
07/01/2031	-	-	7,481.25	7,481.25
01/01/2032	31,500.00	4.375%	7,481.25	38,981.25
07/01/2032	-	-	6,792.19	6,792.19
01/01/2033	33,500.00	4.375%	6,792.19	40,292.19
07/01/2033	-	-	6,059.38	6,059.38
01/01/2034	34,500.00	4.375%	6,059.38	40,559.38
07/01/2034	-	-	5,304.69	5,304.69
01/01/2035	36,000.00	4.375%	5,304.69	41,304.69
07/01/2035	-	-	4,517.19	4,517.19
01/01/2036	37,500.00	4.375%	4,517.19	42,017.19
07/01/2036	-	-	3,696.88	3,696.88
01/01/2037	39,500.00	4.375%	3,696.88	43,196.88
07/01/2037	-	-	2,832.81	2,832.81
01/01/2038	41,000.00	4.375%	2,832.81	43,832.81
07/01/2038	-	-	1,935.94	1,935.94
01/01/2039	43,000.00	4.375%	1,935.94	44,935.94
07/01/2039	-	-	995.31	995.31
01/01/2040	45,500.00	4.375%	995.31	46,495.31
Total	\$701,500.00	-	\$466,637.54	\$1,168,137.54

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	3/26/2015
Average Life	14.968 Years
Average Coupon	4.3750004%
Weighted Average Maturity (Par Basis)	14.968 Years

Refunding Bond Information

Refunding Dated Date	3/26/2015
Refunding Delivery Date	3/26/2015

Raymond James

NICHOLAS COUNTY WATER DISTRICT

STATEMENTS OF NET ASSETS
December 31, 2013 and 2012

ASSETS	2013	2012
CURRENT ASSETS		
Cash	\$ 395,072	\$ 467,762
Accounts receivables, less allowance for doubtful accounts 2013 \$4,150; 2012 \$3,050	64,966	60,611
Material and supplies	17,399	24,364
Prepaid expenses	<u>2,852</u>	<u>4,809</u>
Total current assets	<u>480,289</u>	<u>557,546</u>
RESTRICTED ASSETS		
Cash	214,742	217,295
Customer deposits	<u>63,266</u>	<u>59,321</u>
Total restricted assets	<u>278,008</u>	<u>276,616</u>
PROPERTY, PLANT AND EQUIPMENT		
Utility systems	<u>8,033,092</u>	<u>8,024,786</u>
	8,033,092	8,024,786
Less accumulated depreciation	<u>(2,979,873)</u>	<u>(2,771,836)</u>
	5,053,219	5,252,950
OTHER ASSETS		
Bond issue costs, net of amortization	9,256	9,627
Total assets	<u>\$ 5,820,772</u>	<u>\$ 6,096,739</u>

The accompanying notes are an integral part of the financial statements.

LIABILITIES AND EQUITY

	2013	2012
CURRENT LIABILITIES		
Accounts payable	\$ 22,050	\$ 17,417
Other accrued liabilities	<u>6,932</u>	<u>7,205</u>
Total current liabilities	28,982	24,622
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Accrued interest on bonds	3,151	3,151
Customer deposits	63,266	59,321
Current portion of long-term debt	<u>59,600</u>	<u>57,500</u>
Total current liabilities payable from restricted assets	<u>126,017</u>	<u>119,972</u>
LONG-TERM DEBT, less current portion	<u>2,583,711</u>	<u>2,640,789</u>
Total liabilities	<u>2,738,710</u>	<u>2,785,383</u>
NET ASSETS		
Investment in capital assets, net of related debt	3,114,822	3,104,522
Retained earnings (deficit)		
Restricted	278,008	276,616
Unrestricted	<u>(310,768)</u>	<u>(69,782)</u>
Total net assets	<u>3,082,062</u>	<u>3,311,356</u>
	<u>\$ 5,820,772</u>	<u>\$ 6,096,739</u>

NICHOLAS COUNTY WATER DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Water Sales	\$ 619,808	\$ 658,003
Service Charges and Other Revenue	<u>8,297</u>	<u>8,430</u>
Total operating revenue	<u>628,105</u>	<u>666,433</u>
OPERATING EXPENSES		
Water purchases	186,950	170,334
Salaries and wages	117,645	120,356
Employee benefits	21,061	21,255
Power purchases	30,076	29,827
Water Testing	2,270	2,194
Materials and supplies	39,478	41,720
Legal and accounting	7,500	-
Amortization	371	371
Contracted Services	35,895	28,810
Transportation	5,574	4,753
Insurance	43,861	37,953
Depreciation	209,973	210,691
PSC assessment	1,184	1,220
Office expense	15,029	16,020
Bank fees	-	1,336
Postage	7,668	8,176
Taxes and licenses	28,016	31,664
Miscellaneous	<u>7,416</u>	<u>5,142</u>
Total operating expenses	<u>759,967</u>	<u>731,822</u>
OPERATING (LOSS)	<u>(131,862)</u>	<u>(65,389)</u>
NONOPERATING INCOME (EXPENSE)		
Interest income	2,016	2,496
Interest expense	<u>(109,748)</u>	<u>(104,071)</u>
	<u>(107,732)</u>	<u>(101,575)</u>
NET (LOSS) BEFORE CONTRIBUTIONS	(239,594)	(166,964)
GRANTS AND CAPITAL CONTRIBUTIONS	<u>10,300</u>	<u>11,255</u>
NET (LOSS)	(229,294)	(155,709)
NET ASSETS, BEGINNING OF YEAR	<u>3,311,356</u>	<u>3,467,065</u>
NET ASSETS, END OF YEAR	<u>\$ 3,082,062</u>	<u>\$ 3,311,356</u>

The accompanying notes are an integral part of the financial statements.

NICHOLAS COUNTY WATER DISTRICT

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2013 and 2012

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 624,449	\$ 676,622
Payments to suppliers	(397,362)	(390,743)
Payments to employees	(138,979)	(140,746)
Net cash provided by operating activities	<u>88,108</u>	<u>145,133</u>
CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the sale of equipment	3,340	- -
Proceeds from long-term debt	2,522	- -
Principal payments	(57,500)	(55,000)
Interest payments	(109,748)	(104,071)
Purchase of property, plant and equipment	(10,336)	(9,710)
Contributed Capital - Tap Fees	10,300	11,255
Net cash (used) in capital and related financing activities	<u>(161,422)</u>	<u>(157,526)</u>
CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
Cash from interest	<u>2,016</u>	<u>2,496</u>
NET INCREASE IN CASH	(71,298)	(9,897)
CASH, BEGINNING OF YEAR	744,378	780,622
CASH, ENDING OF YEAR	<u>\$ 673,080</u>	<u>\$ 770,725</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating (loss)	\$ (131,862)	\$ (65,389)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	209,973	210,691
Amortization	371	371
(Gain)loss on sale of equipment	(3,246)	- -
(Increase) decrease in current assets:		
Accounts receivable, customers	(4,355)	4,775
Materials and supplies	6,965	- -
Prepaid expenses	1,957	(74)
(Decrease) increase in current liabilities:		
Accounts payable	4,633	(11,522)
Accrued liabilities	(273)	867
Customer deposits	3,945	5,414
Net cash provided by operating activities	<u>\$ 88,108</u>	<u>\$ 145,133</u>
NONCASH TRANSACTIONS AFFECTING FINANCIAL POSITION		
Contributions of fixed assets	<u>\$ 10,300</u>	<u>\$ 11,255</u>

The accompanying notes are an integral part of the financial statements.