



WEST MCCRACKEN COUNTY WATER DISTRICT

8020 Ogden Landing Road

West Paducah, KY 42086

William A. Tanner, Superintendent

Howard Pulley, Chairman

October 29, 2004

Public Service Commission
211 Sower Blvd.
Box 615
Frankfort KY 40602-0615

RECEIVED
NOV 01 2004
PUBLIC SERVICE
COMMISSION

Ms. Beth O'Donnell, Executive Director

Re: Case No. 2004-00402

Dear Ms. O'Donnell:

Attached please find ten (10) copies of our supplemental application. This submittal is in response to your letter of October 19, 2004.

If there are any questions, please call me at 270-442-3337.

Sincerely,

William A. Tanner
Superintendent

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

NOV 01 2004

PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF WEST MCCRACKEN)
COUNTY WATER DISTRICT FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY AND APPROVAL OF FINANCING)
THE DISTRICT'S 2004 WATER MAIN EXPANSION)
PROJECT AND THE REFUNDING OF CERTAIN)
OUTSTANDING REVENUE BONDS OF THE)
DISTRICT PURSUANT TO THE PROVISIONS OF)
KRS 278.300 AND 807 KAR 5:001)

Case No. 2004-00402

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

SUPPLEMENTAL APPLICATION

The Applicant, West McCracken County Water District (the "District"), files this Supplemental Application in connection with the Application previously filed with the Kentucky Public Service Commission (the "Commission") on or about September 30, 2004 (Case No. 2004-00402) pursuant to KRS 278.300, 807 KAR 5:001, and all other applicable laws and regulations, and requests that the Commission incorporate this Supplemental Application in and to the original Application. This Supplemental Application addresses the filing deficiencies set forth in the Commission's letter dated October 19, 2004.

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 McCracken County, which Order is on file in the County Court Order Books in the office of the Clerk of McCracken 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:

West McCracken County Water District
c/o Mr. William A. Tanner, Superintendent
8020 Ogden Landing Road
West Paducah, Kentucky 42086
Telephone: (270) 442-3337

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 2003 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. **807 KAR 5:001 Section 11(1)(b) and (e)** - The District proposes to borrow funds from the Kentucky Rural Water Finance Corporation ("KRWFC") pursuant to an Assistance Agreement (the "2004 Loan"), in the estimated principal amount of \$900,000 (subject to adjustment of up to 10%) for the purpose of financing the District's 2004 water main expansion project described in the original Application, and refunding the outstanding revenue bonds designated as the West McCracken County Water District Waterworks Revenue Bonds of 1967, dated October 1, 1967, in the original principal amount of \$745,000 (the "Prior Bonds"). Said Prior Bonds are currently held by in the open market and bear interest at the rates set forth in Exhibit D referred to below.

6. The estimated debt service for the 2004 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 2004 Loan may vary from the present assumptions based upon market conditions and other business judgment factors.

7. The 2004 Loan will provide the District with the funds necessary to (i) finance the 2004 water main expansion project; (ii) refund the Prior Bonds; and (iii) pay the fees and expenses incident to the issuance of the 2004 Loan. The 2004 Loan is secured by a pledge of the gross revenues of the District's water system.

8. The Sources and Uses of Funds to be obtained from the issuance of the 2004 Loan are detailed as **Exhibit B**, which is attached hereto and incorporated herein by reference.

9. It is anticipated that the proposed refinancing will result in total gross savings of approximately \$42,153.20, which represents a net present value savings of \$36,423.25. These savings are shown on the Debt Service Comparison, which is attached hereto and incorporated herein by reference as **Exhibit C**.

10. The final principal amount of the 2004 Loan may be adjusted, based upon final interest rates, in order to provide funds sufficient to (i) finance the 2004 water main expansion project; and (ii) redeem, in full, the Prior Bonds. 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 savings.

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

12. The District represents that it will, as soon as reasonably possible after the closing of the 2004 Loan, file with the Commission a statement setting forth the date of issuance of the 2004

Loan, the price paid, the fees and expenses incurred in the issuance of the 2004 Loan, and the terms and interest rates of the 2004 Loan.

13. Pursuant to **807 KAR 5:001**, the District hereby responds as follows:

- (a) **Section 6(4) Mortgages:** The District does not have any mortgages in effect as of the date hereof.
- (b) **Section 6(5) Bonds:** The District does not have any bonds outstanding other than the Prior Bonds (which will be redeemed).
- (c) **Section 6(6) Notes Outstanding:** The District has a Note payable to Paducah Bank & Trust, which Note issuance was approved by the Commission in Case No. 2000-140. Information relating to the Note is contained on page no. 9 of the District's Audit which is attached as Exhibit 9 to the original Application.
- (d) **Section 6(7) Other Indebtedness:** The District does not have any other indebtedness.
- (e) **Section 11(2)(b) Trust Deeds and Mortgages:** The District does not have any trust deeds or mortgages.

14. To reiterate the request contained in Paragraph No. (f) of the original Application, the District hereby requests and moves for a deviation, pursuant to 807 KAR 5:001, Section 14, from the requirements of 807 KAR 5:001, Section 6, which requires that the financial data filed with the Application be for a twelve (12) month period ending within ninety (90) days of the filing of the application. The District states that there has been no change that is material in nature in the financial condition or operation of the District since December 31, 2003. The financial data filed with this Application is for the twelve (12) month period ending December 31, 2003. This is the most recent

published financial data available. Because of the volatility of the bond market, the District cannot run the risk of delaying the closing of the 2004 Loan while more current financial data is compiled. Also, the refunding of the Prior Bonds will save the District revenues thus improving the District's financial position.

15. No rate adjustment will be necessary.

WHEREFORE, the District respectfully requests that the Commission:

1. Authorize the issuance of the securities requested in the Application, as supplemented;

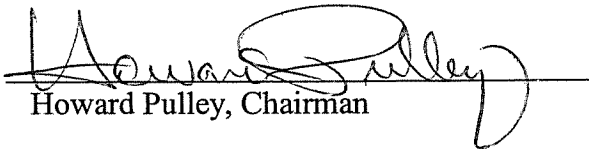
2. Grant the District a Certificate of Public Convenience and Necessity to construct the 2004 water main expansion project outlined in the original Application; and

3. Grant the District a deviation, to the extent necessary, from 807 KAR 5:001, Section 6 to allow the submission of the District's 2003 Annual Report and 2003 Audit in lieu of more recent financial data, there being no material change in the data in 2004 and due to the volatility of the present bond market.

STATE OF KENTUCKY)
) SS
 COUNTY OF MCCRACKEN)

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

IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 29th day of October, 2004.


 Howard Pulley, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Howard Pulley,
Chairman of the West McCracken County Water District, on this the 29th day of October, 2004.

My Commission expires: 9/13/08.

Sheila Mansfield
NOTARY PUBLIC

\$900,000

West McCracken Water District

Kentucky Rural Water Finance Corporation

Flexible Term Finance Program

Series 2004 D

Debt Service

Part 1 of 2

Date	Principal	Interest	Total P+I
02/01/2005	30,000.00	11,585.40	41,585.40
08/01/2005	-	16,919.10	16,919.10
02/01/2006	32,000.00	16,919.10	48,919.10
08/01/2006	-	16,429.50	16,429.50
02/01/2007	32,000.00	16,429.50	48,429.50
08/01/2007	-	15,939.90	15,939.90
02/01/2008	36,000.00	15,939.90	51,939.90
08/01/2008	-	15,371.10	15,371.10
02/01/2009	36,000.00	15,371.10	51,371.10
08/01/2009	-	14,775.30	14,775.30
02/01/2010	38,000.00	14,775.30	52,775.30
08/01/2010	-	14,146.40	14,146.40
02/01/2011	38,000.00	14,146.40	52,146.40
08/01/2011	-	13,517.50	13,517.50
02/01/2012	40,000.00	13,517.50	53,517.50
08/01/2012	-	12,829.50	12,829.50
02/01/2013	42,000.00	12,829.50	54,829.50
08/01/2013	-	12,081.90	12,081.90
02/01/2014	42,000.00	12,081.90	54,081.90
08/01/2014	-	11,229.30	11,229.30
02/01/2015	44,000.00	11,229.30	55,229.30
08/01/2015	-	10,336.10	10,336.10
02/01/2016	46,000.00	10,336.10	56,336.10
08/01/2016	-	9,402.30	9,402.30
02/01/2017	48,000.00	9,402.30	57,402.30
08/01/2017	-	8,427.90	8,427.90
02/01/2018	50,000.00	8,427.90	58,427.90
08/01/2018	-	7,412.90	7,412.90
02/01/2019	52,000.00	7,412.90	59,412.90
08/01/2019	-	6,357.30	6,357.30
02/01/2020	54,000.00	6,357.30	60,357.30
08/01/2020	-	5,261.10	5,261.10
02/01/2021	56,000.00	5,261.10	61,261.10
08/01/2021	-	4,087.90	4,087.90
02/01/2022	58,000.00	4,087.90	62,087.90
08/01/2022	-	2,872.80	2,872.80
02/01/2023	62,000.00	2,872.80	64,872.80
08/01/2023	-	1,459.20	1,459.20
02/01/2024	64,000.00	1,459.20	65,459.20
Total	\$900,000.00	\$409,299.40	\$1,309,299.40

\$900,000

West McCracken Water District

Kentucky Rural Water Finance Corporation

Flexible Term Finance Program

Series 2004 D

Debt Service

Part 2 of 2

Par Amounts Of Selected Issues

Series 2004 D -West McCracken New Money	818,000.00
Series 2004 D -West McCracken Refunding	82,000.00
TOTAL	900,000.00

\$900,000

West McCracken Water District

Kentucky Rural Water Finance Corporation

Flexible Term Finance Program

Series 2004 D

Sources & Uses

Sources Of Funds

Par Amount of Bonds	\$900,000.00
Reoffering Premium	981.42
Accrued Interest	1,737.81
Transfers from Prior Issue DSR Funds	40,000.00
Total Sources	\$942,719.23

Uses Of Funds

Original Issue Discount (OID)	2,627.46
Total Underwriter's Discount	6,467.53
Costs of Issuance	16,675.00
Gross Bond Insurance Premium	4,124.29
Deposit to Debt Service Fund	1,737.81
Deposit to Project Construction Fund	750,000.00
Deposit to Current Refunding Fund	119,346.52
Deposit to Secondary Purpose Fund	40,000.00
Rounding Amount	1,740.62
Total Uses	\$942,719.23

West McCracken Water District
 Kentucky Rural Water Finance Corporation
 Flexible Term Finance Program

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
12/30/2004	-	-	-	-
12/30/2005	27,693.20	27,693.20	42,720.00	15,026.80
12/30/2006	29,285.20	29,285.20	42,200.00	12,914.80
12/30/2007	28,428.40	28,428.40	42,640.00	14,211.60
Total	\$85,406.80	\$85,406.80	\$127,560.00	\$42,153.20

PV Analysis Summary (Net to Net)

Gross Debt Service Savings	42,153.20
Net PV Cashflow Savings @ 4.547%(AIC)	36,423.25
Release of DSR	(40,000.00)
Contingency or Rounding Amount	1,141.00
Net Benefit	\$3,294.20
Net PV Benefit / \$118,000 Refunded Principal	31.940%
Net PV Benefit / \$82,000 Refunding Principal	45.963%

Refunding Bond Information

Refunding Dated Date	10/01/2004
Refunding Delivery Date	10/19/2004

\$118,000

West McCracken Water District
Series 1967

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/30/2004	-	-	-	-
12/30/2005	38,000.00	4.000%	4,720.00	42,720.00
12/30/2006	39,000.00	4.000%	3,200.00	42,200.00
12/30/2007	41,000.00	4.000%	1,640.00	42,640.00
Total	\$118,000.00	-	\$9,560.00	\$127,560.00

Yield Statistics

Bond Year Dollars	\$239.00
Average Life	2.025 Years
Average Coupon	4.0000000%
Net Interest Cost (NIC)	4.0000000%
True Interest Cost (TIC)	4.0000000%
Bond Yield for Arbitrage Purposes	4.0000000%
All Inclusive Cost (AIC)	4.0000000%

IRS Form 8038

Net Interest Cost	4.0000000%
Weighted Average Maturity	2.025 Years