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April 27, 2018

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MAY 02 2018

PUBLIC SERVICE
COMMISSION

Ms. Gwen R. Pinson, Esq.
Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

Re: *Application of Estill County Water District No. 1 to Issue Securities In the Approximate Principal Amount of \$2,745,000 For The Purpose of Refunding And/Or Reamortizing Certain Outstanding Obligation of the District Case No. 2018-00058*

Dear Ms. Pinson:

Enclosed please find an original and ten copies of Estill County Water District No. 1's Motion for Leave to Withdraw Application in the above-captioned matter.

Please indicate receipt of this filing by placing your file stamp on the extra copy and returning to me via the enclosed self addressed envelope.

Very truly yours,

Stoll Keenon Ogden PLLC

A handwritten signature in black ink that reads "Gerald Wuetcher".

Gerald Wuetcher

GEW
Enclosure

RECEIVED

MAY 02 2018

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ESTILL COUNTY WATER)
DISTRICT NO. 1 TO ISSUE SECURITIES IN)
THE APPROXIMATE PRINCIPAL AMOUNT)
OF \$2,745,000 FOR THE PURPOSE OF) CASE NO. 2018-00058
REFUNDING AND/OR REAMORTIZING)
CERTAIN OUTSTANDING OBLIGATION OF)
THE DISTRICT)

MOTION FOR LEAVE TO WITHDRAW APPLICATION

Estill County Water District No. 1 (“Estill District”) moves for leave to withdraw its application for authorization to execute a loan agreement with Kentucky Rural Water Finance Corporation (“KRWFC”) to borrow approximately \$2,745,000 to refund certain outstanding debt obligations. KRWFC has withdrawn its offer to enter such agreement at this time. A copy of KRWFC’s notice of withdrawal is attached as Exhibit A to this Motion. In light of KRWFC’s action, Estill District’s application is moot.

Dated: April 27, 2018

Respectfully submitted,



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Counsel for Estill County Water District No. 1



EXHIBIT A Kentucky Rural Water Finance Corporation

Helping utilities finance infrastructure improvements

April 20, 2018

Greg Wright, Chairman
Estill County Water District
76 Cedar Grove Road
Irvine, Kentucky 40336

Re: Refunding through the Kentucky Rural Water Finance Corporation

Dear Chairman Wright:

This letter is in regard to the potential refunding that Estill County Water District is pursuing through the Kentucky Rural Water Finance Corporation. Unfortunately, interest rates are not near the level that they were when we first began pursuing the refunding. Structuring the refunding in a manner to delay debt service for a year results in negative savings to a level that has increased with the increase in interest rates, and is a structure that we do not recommend in the current interest rate environment.

The two requirements that the rating agency, Standard and Poor's, imposes on the Kentucky Rural Water Finance Corporation for all borrowers is that the borrower meets a debt service coverage ratio of 1.20x, as well as that all existing debt, including monthly sinking funds, is current. The Water District's debt service coverage ratio is .16x. It does appear that if the revenues from the approved rate increase continue at the level they have since December, the Water District can be in a position to be able to meet the required coverage in the next year, provided expenses have not increased. We will actively monitor interest rates, and if rates move to where the refunding is advantageous again, we will contact you. If the Water District can demonstrate at that time that a debt service coverage ratio of 1.20x is being met, as well as, that all payments to Rural Development and on the existing Kentucky Rural Water Finance Corporation loan are current, we would be happy to revive pursuing the refunding.

Thank you for your consideration of the Kentucky Rural Water Finance Corporation, and we look forward to being able to assist you in the future.

Sincerely,

Gary Larimore
Secretary / Treasurer

GL:bs