

Rubin & Hays

ATTORNEYS AT LAW

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

June 15, 2010

RECEIVED

JUN 17 2010

PUBLIC SERVICE
COMMISSION

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

Re: North Nelson Water District PSC Case No. 2010-00159


Dear Mr. Derouen:

In accordance with paragraphs No. 3 and 4 of the PSC Order dated May 12, 2010 relating to the above case, enclosed please find the final refunding schedules which include the actual gross and net present value savings and the final loan debt service, including the final principal amount and the interest rates. The Kentucky Rural Water Finance Corporation loan to the District was dated June 10, 2010.

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:jl
Enclosures

cc: Damon Talley, Esq.

\$1,595,000

*North Nelson Water District
Refunding of Water System Revenue Bonds, Series 1998
through the Kentucky Rural Water Finance Corporation*

Sources & Uses

Dated 06/10/2010 | Delivered 06/10/2010

Sources Of Funds

Par Amount of Bonds.....	\$1,595,000.00
Transfers from Prior Issue Debt Service Funds.....	68,605.63
Transfers from Prior Issue DSR Funds.....	190,219.72
Other contributions.....	200,000.00

Total Sources..... \$2,053,825.35

Uses Of Funds

Original Issue Discount (OID).....	13,009.20
Total Underwriter's Discount (0.737%).....	11,759.60
Costs of Issuance.....	50,115.00
Deposit to Current Refunding Fund.....	1,975,770.31
Rounding Amount.....	3,171.24

Total Uses..... \$2,053,825.35

\$1,595,000

*North Nelson Water District
Refunding of Water System Revenue Bonds, Series 1998
through the Kentucky Rural Water Finance Corporation*

Debt Service Comparison

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
12/30/2010	-	-	-	49,931.25	49,931.25
12/30/2011	107,064.06	450.00	107,514.06	163,286.25	55,772.19
12/30/2012	127,981.26	450.00	128,431.26	165,012.50	36,581.24
12/30/2013	126,331.26	450.00	126,781.26	166,440.00	39,658.74
12/30/2014	124,681.26	450.00	125,131.26	167,565.00	42,433.74
12/30/2015	122,984.38	450.00	123,434.38	163,525.00	40,090.62
12/30/2016	121,100.00	450.00	121,550.00	164,317.50	42,767.50
12/30/2017	123,807.50	450.00	124,257.50	164,832.50	40,575.00
12/30/2018	126,167.50	450.00	126,617.50	165,068.75	38,451.25
12/30/2019	123,341.25	450.00	123,791.25	165,022.50	41,231.25
12/30/2020	120,355.63	450.00	120,805.63	164,692.50	43,886.87
12/30/2021	122,171.26	450.00	122,621.26	164,075.00	41,453.74
12/30/2022	123,689.38	450.00	124,139.38	168,037.50	43,898.12
12/30/2023	124,897.50	450.00	125,347.50	166,606.25	41,258.75
12/30/2024	120,947.50	450.00	121,397.50	164,912.50	43,515.00
12/30/2025	126,731.25	450.00	127,181.25	167,825.00	40,643.75
12/30/2026	122,180.00	450.00	122,630.00	165,343.75	42,713.75
12/30/2027	122,455.00	450.00	122,905.00	167,468.75	44,563.75
12/30/2028	122,520.00	450.00	122,970.00	164,200.00	41,230.00
TOTAL	\$2,209,405.99	\$8,100.00	\$2,217,505.99	\$3,028,162.50	\$810,656.51

Gross FV Debt Service Savings.....	810,656.51
Transfers from Prior Issue Debt Service Fund.....	(68,605.63)
Transfers from Prior Issue DSR Fund.....	(190,219.72)
Total Cash contribution.....	(200,000.00)
Contingency or Rounding Amount.....	3,171.24
Net Benefit.....	\$355,002.40

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	584,548.82
Effects of changes in Expenses.....	(5,579.16)
Net PV Cashflow Savings @ 4.404%(AIC).....	578,969.66
Total Cash contribution.....	(200,000.00)
Transfers from Prior Issue Debt Service Fund.....	(68,692.71)
Transfers from Prior Issue DSR Fund.....	(190,219.72)
Contingency or Rounding Amount.....	3,171.24
Net Present Value Benefit.....	\$123,315.55

Net PV Benefit / \$1,930,000 Refunded Principal.....	6.389%
Net PV Benefit / \$1,595,000 Refunding Principal.....	7.731%

Refunding Bond Information

Refunding Dated Date.....	6/10/2010
Refunding Delivery Date.....	6/10/2010

\$1,595,000

*North Nelson Water District
Refunding of Water System Revenue Bonds, Series 1998
through the Kentucky Rural Water Finance Corporation*

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
06/10/2010	-	-	-	-	-
02/01/2011	45,000.00	2.200%	35,160.93	80,160.93	-
08/01/2011	-	-	26,903.13	26,903.13	-
12/30/2011	-	-	-	-	107,064.06
02/01/2012	75,000.00	2.200%	26,903.13	101,903.13	-
08/01/2012	-	-	26,078.13	26,078.13	-
12/30/2012	-	-	-	-	127,981.26
02/01/2013	75,000.00	2.200%	26,078.13	101,078.13	-
08/01/2013	-	-	25,253.13	25,253.13	-
12/30/2013	-	-	-	-	126,331.26
02/01/2014	75,000.00	2.200%	25,253.13	100,253.13	-
08/01/2014	-	-	24,428.13	24,428.13	-
12/30/2014	-	-	-	-	124,681.26
02/01/2015	75,000.00	2.325%	24,428.13	99,428.13	-
08/01/2015	-	-	23,556.25	23,556.25	-
12/30/2015	-	-	-	-	122,984.38
02/01/2016	75,000.00	2.700%	23,556.25	98,556.25	-
08/01/2016	-	-	22,543.75	22,543.75	-
12/30/2016	-	-	-	-	121,100.00
02/01/2017	80,000.00	3.200%	22,543.75	102,543.75	-
08/01/2017	-	-	21,263.75	21,263.75	-
12/30/2017	-	-	-	-	123,807.50
02/01/2018	85,000.00	3.200%	21,263.75	106,263.75	-
08/01/2018	-	-	19,903.75	19,903.75	-
12/30/2018	-	-	-	-	126,167.50
02/01/2019	85,000.00	3.450%	19,903.75	104,903.75	-
08/01/2019	-	-	18,437.50	18,437.50	-
12/30/2019	-	-	-	-	123,341.25
02/01/2020	85,000.00	3.575%	18,437.50	103,437.50	-
08/01/2020	-	-	16,918.13	16,918.13	-
12/30/2020	-	-	-	-	120,355.63
02/01/2021	90,000.00	3.700%	16,918.13	106,918.13	-
08/01/2021	-	-	15,253.13	15,253.13	-
12/30/2021	-	-	-	-	122,171.26
02/01/2022	95,000.00	3.825%	15,253.13	110,253.13	-
08/01/2022	-	-	13,436.25	13,436.25	-
12/30/2022	-	-	-	-	123,689.38
02/01/2023	100,000.00	3.950%	13,436.25	113,436.25	-
08/01/2023	-	-	11,461.25	11,461.25	-
12/30/2023	-	-	-	-	124,897.50
02/01/2024	100,000.00	3.950%	11,461.25	111,461.25	-
08/01/2024	-	-	9,486.25	9,486.25	-
12/30/2024	-	-	-	-	120,947.50
02/01/2025	110,000.00	4.075%	9,486.25	119,486.25	-
08/01/2025	-	-	7,245.00	7,245.00	-
12/30/2025	-	-	-	-	126,731.25
02/01/2026	110,000.00	4.200%	7,245.00	117,245.00	-
08/01/2026	-	-	4,935.00	4,935.00	-
12/30/2026	-	-	-	-	122,180.00
02/01/2027	115,000.00	4.200%	4,935.00	119,935.00	-
08/01/2027	-	-	2,520.00	2,520.00	-
12/30/2027	-	-	-	-	122,455.00
02/01/2028	120,000.00	4.200%	2,520.00	122,520.00	-
12/30/2028	-	-	-	-	122,520.00
Total	\$1,595,000.00	-	\$614,405.99	\$2,209,405.99	-

Yield Statistics

Bond Year Dollars.....	\$16,183.46
Average Life.....	10.146 Years
Average Coupon.....	3.7965061%
Net Interest Cost (NIC).....	3.9495562%
True Interest Cost (TIC).....	3.9522353%
Bond Yield for Arbitrage Purposes.....	3.8597859%
All Inclusive Cost (AIC).....	4.4040583%

IRS Form 8038

Net Interest Cost.....	3.9212815%
Weighted Average Maturity.....	10.114 Years

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\$1,595,000

*North Nelson Water District
Refunding of Water System Revenue Bonds, Series 1998
through the Kentucky Rural Water Finance Corporation*

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Expenses	Net New D/S
12/30/2010	-	-	-	-	-	-
12/30/2011	45,000.00	2.200%	62,064.06	107,064.06	450.00	107,514.06
12/30/2012	75,000.00	2.200%	52,981.26	127,981.26	450.00	128,431.26
12/30/2013	75,000.00	2.200%	51,331.26	126,331.26	450.00	126,781.26
12/30/2014	75,000.00	2.200%	49,681.26	124,681.26	450.00	125,131.26
12/30/2015	75,000.00	2.325%	47,984.38	122,984.38	450.00	123,434.38
12/30/2016	75,000.00	2.700%	46,100.00	121,100.00	450.00	121,550.00
12/30/2017	80,000.00	3.200%	43,807.50	123,807.50	450.00	124,257.50
12/30/2018	85,000.00	3.200%	41,167.50	126,167.50	450.00	126,617.50
12/30/2019	85,000.00	3.450%	38,341.25	123,341.25	450.00	123,791.25
12/30/2020	85,000.00	3.575%	35,355.63	120,355.63	450.00	120,805.63
12/30/2021	90,000.00	3.700%	32,171.26	122,171.26	450.00	122,621.26
12/30/2022	95,000.00	3.825%	28,689.38	123,689.38	450.00	124,139.38
12/30/2023	100,000.00	3.950%	24,897.50	124,897.50	450.00	125,347.50
12/30/2024	100,000.00	3.950%	20,947.50	120,947.50	450.00	121,397.50
12/30/2025	110,000.00	4.075%	16,731.25	126,731.25	450.00	127,181.25
12/30/2026	110,000.00	4.200%	12,180.00	122,180.00	450.00	122,630.00
12/30/2027	115,000.00	4.200%	7,455.00	122,455.00	450.00	122,905.00
12/30/2028	120,000.00	4.200%	2,520.00	122,520.00	450.00	122,970.00
Total	\$1,595,000.00	-	\$614,405.99	\$2,209,405.99	\$8,100.00	\$2,217,505.99

\$1,595,000

North Nelson Water District
Refunding of Water System Revenue Bonds, Series 1998
through the Kentucky Rural Water Finance Corporation

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
02/01/2011	Serial Coupon	2.200%	1.199%	45,000.00	100.637%	45,286.65
02/01/2012	Serial Coupon	2.200%	1.449%	75,000.00	101.214%	75,910.50
02/01/2013	Serial Coupon	2.200%	1.799%	75,000.00	101.029%	75,771.75
02/01/2014	Serial Coupon	2.200%	2.200%	75,000.00	100.000%	75,000.00
02/01/2015	Serial Coupon	2.325%	2.501%	75,000.00	99.232%	74,424.00
02/01/2016	Serial Coupon	2.700%	2.901%	75,000.00	98.958%	74,218.50
02/01/2017	Serial Coupon	3.200%	3.200%	80,000.00	100.000%	80,000.00
02/01/2018	Serial Coupon	3.200%	3.402%	85,000.00	98.651%	83,853.35
02/01/2019	Serial Coupon	3.450%	3.601%	85,000.00	98.882%	84,049.70
02/01/2020	Serial Coupon	3.575%	3.701%	85,000.00	98.981%	84,133.85
02/01/2021	Serial Coupon	3.700%	3.852%	90,000.00	98.683%	88,814.70
02/01/2022	Serial Coupon	3.825%	3.951%	95,000.00	98.826%	93,884.70
02/01/2023	Serial Coupon	3.950%	4.051%	100,000.00	99.002%	99,002.00
02/01/2024	Serial Coupon	3.950%	4.102%	100,000.00	98.421%	98,421.00
02/01/2025	Serial Coupon	4.075%	4.202%	110,000.00	98.620%	108,482.00
02/01/2026	Serial Coupon	4.200%	4.251%	110,000.00	99.420%	109,362.00
02/01/2027	Serial Coupon	4.200%	4.301%	115,000.00	98.798%	113,617.70
02/01/2028	Serial Coupon	4.200%	4.352%	120,000.00	98.132%	117,758.40
Total	-	-	-	\$1,595,000.00	-	\$1,581,990.80

Bid Information

Par Amount of Bonds.....	\$1,595,000.00
Reoffering Premium or (Discount).....	(13,009.20)
Gross Production.....	\$1,581,990.80
Total Underwriter's Discount (0.737%).....	\$(11,759.60)
Bid (98.447%).....	1,570,231.20
Total Purchase Price.....	\$1,570,231.20
Bond Year Dollars.....	\$16,183.46
Average Life.....	10.146 Years
Average Coupon.....	3.7965061%
Net Interest Cost (NIC).....	3.9495562%
True Interest Cost (TIC).....	3.9522353%

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Morgan Keegan & Company, Inc.

\$2,500,000

*North Nelson Water District
Series 1998*

Debt Service To Maturity And To Call

Date	Refunded Bonds	Interest to Call	D/S To Call	Principal	Coupon	Interest	Refunded D/S
07/01/2010	1,930,000.00	45,770.31	1,975,770.31	-	-	49,931.25	49,931.25
01/01/2011	-	-	-	65,000.00	4.850%	49,931.25	114,931.25
07/01/2011	-	-	-	-	-	48,355.00	48,355.00
01/01/2012	-	-	-	70,000.00	4.850%	48,355.00	118,355.00
07/01/2012	-	-	-	-	-	46,657.50	46,657.50
01/01/2013	-	-	-	75,000.00	5.000%	46,657.50	121,657.50
07/01/2013	-	-	-	-	-	44,782.50	44,782.50
01/01/2014	-	-	-	80,000.00	5.000%	44,782.50	124,782.50
07/01/2014	-	-	-	-	-	42,782.50	42,782.50
01/01/2015	-	-	-	80,000.00	5.100%	42,782.50	122,782.50
07/01/2015	-	-	-	-	-	40,742.50	40,742.50
01/01/2016	-	-	-	85,000.00	5.100%	40,742.50	125,742.50
07/01/2016	-	-	-	-	-	38,575.00	38,575.00
01/01/2017	-	-	-	90,000.00	5.150%	38,575.00	128,575.00
07/01/2017	-	-	-	-	-	36,257.50	36,257.50
01/01/2018	-	-	-	95,000.00	5.150%	36,257.50	131,257.50
07/01/2018	-	-	-	-	-	33,811.25	33,811.25
01/01/2019	-	-	-	100,000.00	5.200%	33,811.25	133,811.25
07/01/2019	-	-	-	-	-	31,211.25	31,211.25
01/01/2020	-	-	-	105,000.00	5.200%	31,211.25	136,211.25
07/01/2020	-	-	-	-	-	28,481.25	28,481.25
01/01/2021	-	-	-	110,000.00	5.250%	28,481.25	138,481.25
07/01/2021	-	-	-	-	-	25,593.75	25,593.75
01/01/2022	-	-	-	120,000.00	5.250%	25,593.75	145,593.75
07/01/2022	-	-	-	-	-	22,443.75	22,443.75
01/01/2023	-	-	-	125,000.00	5.250%	22,443.75	147,443.75
07/01/2023	-	-	-	-	-	19,162.50	19,162.50
01/01/2024	-	-	-	130,000.00	5.250%	19,162.50	149,162.50
07/01/2024	-	-	-	-	-	15,750.00	15,750.00
01/01/2025	-	-	-	140,000.00	5.250%	15,750.00	155,750.00
07/01/2025	-	-	-	-	-	12,075.00	12,075.00
01/01/2026	-	-	-	145,000.00	5.250%	12,075.00	157,075.00
07/01/2026	-	-	-	-	-	8,268.75	8,268.75
01/01/2027	-	-	-	155,000.00	5.250%	8,268.75	163,268.75
07/01/2027	-	-	-	-	-	4,200.00	4,200.00
01/01/2028	-	-	-	160,000.00	5.250%	4,200.00	164,200.00
Total	\$1,930,000.00	\$45,770.31	\$1,975,770.31	\$1,930,000.00	-	\$1,098,162.50	\$3,028,162.50

Yield Statistics

Average Life.....	10.455 Years
Weighted Average Maturity (Par Basis).....	10.455 Years
Average Coupon.....	5.2238989%

Refunding Bond Information

Refunding Dated Date.....	6/10/2010
Refunding Delivery Date.....	6/10/2010

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\$2,500,000

*North Nelson Water District
Series 1998*

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
07/01/2010	-	-	49,931.25	49,931.25
01/01/2011	65,000.00	4.850%	49,931.25	114,931.25
07/01/2011	-	-	48,355.00	48,355.00
01/01/2012	70,000.00	4.850%	48,355.00	118,355.00
07/01/2012	-	-	46,657.50	46,657.50
01/01/2013	75,000.00	5.000%	46,657.50	121,657.50
07/01/2013	-	-	44,782.50	44,782.50
01/01/2014	80,000.00	5.000%	44,782.50	124,782.50
07/01/2014	-	-	42,782.50	42,782.50
01/01/2015	80,000.00	5.100%	42,782.50	122,782.50
07/01/2015	-	-	40,742.50	40,742.50
01/01/2016	85,000.00	5.100%	40,742.50	125,742.50
07/01/2016	-	-	38,575.00	38,575.00
01/01/2017	90,000.00	5.150%	38,575.00	128,575.00
07/01/2017	-	-	36,257.50	36,257.50
01/01/2018	95,000.00	5.150%	36,257.50	131,257.50
07/01/2018	-	-	33,811.25	33,811.25
01/01/2019	100,000.00	5.200%	33,811.25	133,811.25
07/01/2019	-	-	31,211.25	31,211.25
01/01/2020	105,000.00	5.200%	31,211.25	136,211.25
07/01/2020	-	-	28,481.25	28,481.25
01/01/2021	110,000.00	5.250%	28,481.25	138,481.25
07/01/2021	-	-	25,593.75	25,593.75
01/01/2022	120,000.00	5.250%	25,593.75	145,593.75
07/01/2022	-	-	22,443.75	22,443.75
01/01/2023	125,000.00	5.250%	22,443.75	147,443.75
07/01/2023	-	-	19,162.50	19,162.50
01/01/2024	130,000.00	5.250%	19,162.50	149,162.50
07/01/2024	-	-	15,750.00	15,750.00
01/01/2025	140,000.00	5.250%	15,750.00	155,750.00
07/01/2025	-	-	12,075.00	12,075.00
01/01/2026	145,000.00	5.250%	12,075.00	157,075.00
07/01/2026	-	-	8,268.75	8,268.75
01/01/2027	155,000.00	5.250%	8,268.75	163,268.75
07/01/2027	-	-	4,200.00	4,200.00
01/01/2028	160,000.00	5.250%	4,200.00	164,200.00
Total	\$1,930,000.00	-	\$1,098,162.50	\$3,028,162.50

Yield Statistics

Average Life.....	10.455 Years
Weighted Average Maturity (Par Basis).....	10.455 Years
Average Coupon.....	5.2238989%

Refunding Bond Information

Refunding Dated Date.....	6/10/2010
Refunding Delivery Date.....	6/10/2010

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\$1,595,000

*North Nelson Water District
Refunding of Water System Revenue Bonds, Series 1998
through the Kentucky Rural Water Finance Corporation*

Detail Costs Of Issuance

Dated 06/10/2010 | Delivered 06/10/2010

COSTS OF ISSUANCE DETAIL

KRWFC Cost of Issuance.....	\$27,115.00
Financial Advisor.....	\$15,000.00
Local Counsel.....	\$5,000.00
Miscellaneous.....	\$3,000.00
TOTAL.....	\$50,115.00