

MAGOFFIN COUNTY WATER DISTRICT

P. O. BOX 490

SALYERSVILLE, KY 41465

PHONE 606-349-6812 OR 349-6814

Fax 606-349-6814

Allen B. McCarty
Superintendent

Supplemental to filing on April 28, 2015

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

December 19, 2014

RECEIVED

DEC 23 2014

PUBLIC SERVICE
COMMISSION

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

Re: Magoffin County Water District PSC Application

Dear Mr. Derouen:

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


This Application requests approval of the issuance of securities for the purpose of refunding certain high interest Bonds of the District held by USDA, Rural Development.

Please be advised that the District is requesting the Commission to expedite this Application and issue the approving Order on or before January 29, 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: Mr. Allen McCarty, Magoffin County Water District
Ms. Kristen Millard, Raymond James and Associates

RECEIVED

DEC 23 2014

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF MAGOFFIN COUNTY)
WATER DISTRICT TO ISSUE SECURITIES IN)
THE APPROXIMATE PRINCIPAL AMOUNT OF)
\$1,685,000 FOR THE PURPOSE OF REFUNDING) CASE NO. 2014 - _____
CERTAIN OUTSTANDING REVENUE BONDS OF)
THE DISTRICT PURSUANT TO THE PROVISIONS)
OF KRS 278.300 AND 807 KAR 5:001)

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

APPLICATION

The Applicant, Magoffin 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 \$1,685,000 (subject to adjustment of up to 10%), for the purpose of refunding certain outstanding waterworks revenue bonds of the District. 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 Magoffin County, which Order is on file in the County Court Order Books in the office of the Clerk of Magoffin 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:

Magoffin County Water District
c/o Mr. Allen McCarty, Manager
P.O. Box 490
Salyersville, Kentucky 41465
Telephone: (606) 349-6812
Fax: (606) 349-6814
Email: mcwd07@yahoo.com

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 \$1,685,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding revenue bonds designated as (i) Magoffin County Water District Waterworks Revenue Bonds of 1988, dated January 18, 1989, in the original principal amount of \$335,000, bearing interest at the rate of 5.00% per annum (the "1988 Bonds"); (ii) Magoffin County Water District Waterworks Revenue Bonds of 1991, dated July 7, 1992, in the original principal amount of \$181,000, bearing interest at the rate of 5.00% per annum (the "1991 Bonds"); (iii)

Magoffin County Water District Waterworks Revenue Bonds, Series 1994, dated November 22, 1994, in the original principal amount of \$185,000, bearing interest at the rate of 4.50% per annum (the "1994 Bonds"); (iv) Magoffin County Water District Waterworks Revenue Bonds, Series 1996A, dated August 8, 1996, in the original principal amount of \$250,000, bearing interest at the rate of 4.50% per annum (the "1996A Bonds"); (v) Magoffin County Water District Waterworks Revenue Bonds, Series 1997, dated June 10, 1997, in the original principal amount of \$305,000, bearing interest at the rate of 4.50% per annum (the "1997 Bonds"); (vi) Magoffin County Water District Waterworks Revenue Bonds, Series 1998, dated June 8, 1999, in the original principal amount of \$330,000, bearing interest at the rate of 4.50% per annum (the "1998 Bonds"); and (vii) Magoffin County Water District Waterworks Revenue Bonds, Series 2001, dated March 27, 2002, in the original principal amount of \$640,000, bearing interest at the rate of 4.50% per annum (the "2001 Bonds")(hereinafter, the 1988 Bonds, the 1991 Bonds, the 1994 Bonds, the 1996A Bonds, the 1997 Bonds, the 1998 Bonds and the 2001 Bonds shall be collectively referred to as the "Prior Bonds"). The Prior Bonds are held by the U.S. Department of Agriculture, acting through Rural Development.

6. 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.

7. The KRWFC Loan will provide the District with the funds necessary to (i) refund the Prior Bonds; and (iii) pay the fees and expenses incident to the issuance of the KRWFC Loan.

8. 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.

9. It is anticipated that the proposed refinancing will result in a net present value cashflow savings of approximately \$104,099.44. 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 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.

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

12. The District represents that the KRWFC Loan is in the public interest and is intended to accomplish the purpose of strengthening the financial condition of the District by producing substantial debt service savings. This is a lawful object 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.

13. 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.

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

15. 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 #14 above.

16. 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.
- (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 #15 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.

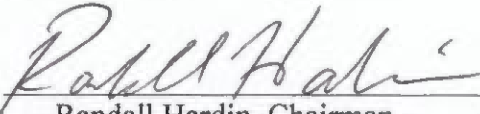
17. No rate adjustment will be necessary.

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 **January 29, 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.

Magoffin County Water District

By 

Randall Hardin, Chairman
P.O. Box 490
Salyersville, Kentucky 41465
Phone: (606) 349-6812
Fax: (606) 349-6814
Email: mcwd07@yahoo.com

Rubin & Hays

By 

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

STATE OF KENTUCKY)
) SS
COUNTY OF MAGOFFIN)

The affiant, Randall Hardin, being first duly sworn, states: That he is the Chairman of the Magoffin 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.

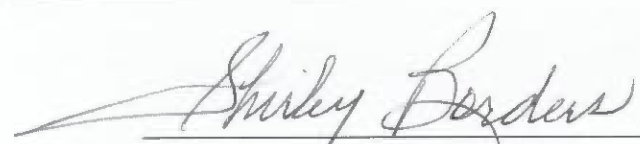
IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 18 day of December, 2014.



Randall Hardin, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Randall Hardin, Chairman of the Magoffin County Water District, on this the 18 day of December, 2014.

My Commission expires: May 5, 2018.



NOTARY PUBLIC
ID 510928

Preliminary

\$1,685,000

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

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
01/20/2015	-	-	-	-	-
06/01/2015	-	-	31,457.96	31,457.96	-
12/31/2015	-	-	-	-	31,457.96
02/01/2016	55,000.00	2.750%	29,646.25	84,646.25	-
08/01/2016	-	-	28,890.00	28,890.00	-
12/31/2016	-	-	-	-	113,536.25
02/01/2017	55,000.00	2.750%	28,890.00	83,890.00	-
08/01/2017	-	-	28,133.75	28,133.75	-
12/31/2017	-	-	-	-	112,023.75
02/01/2018	65,000.00	2.750%	28,133.75	93,133.75	-
08/01/2018	-	-	27,240.00	27,240.00	-
12/31/2018	-	-	-	-	120,373.75
02/01/2019	65,000.00	2.750%	27,240.00	92,240.00	-
08/01/2019	-	-	26,346.25	26,346.25	-
12/31/2019	-	-	-	-	118,586.25
02/01/2020	65,000.00	3.000%	26,346.25	91,346.25	-
08/01/2020	-	-	25,371.25	25,371.25	-
12/31/2020	-	-	-	-	116,717.50
02/01/2021	70,000.00	3.750%	25,371.25	95,371.25	-
08/01/2021	-	-	24,058.75	24,058.75	-
12/31/2021	-	-	-	-	119,430.00
02/01/2022	70,000.00	3.750%	24,058.75	94,058.75	-
08/01/2022	-	-	22,746.25	22,746.25	-
12/31/2022	-	-	-	-	116,805.00
02/01/2023	70,000.00	3.650%	22,746.25	92,746.25	-
08/01/2023	-	-	21,468.75	21,468.75	-
12/31/2023	-	-	-	-	114,215.00
02/01/2024	80,000.00	3.550%	21,468.75	101,468.75	-
08/01/2024	-	-	20,048.75	20,048.75	-
12/31/2024	-	-	-	-	121,517.50
02/01/2025	75,000.00	3.500%	20,048.75	95,048.75	-
08/01/2025	-	-	18,736.25	18,736.25	-
12/31/2025	-	-	-	-	113,785.00
02/01/2026	80,000.00	3.500%	18,736.25	98,736.25	-
08/01/2026	-	-	17,336.25	17,336.25	-
12/31/2026	-	-	-	-	116,072.50
02/01/2027	85,000.00	3.550%	17,336.25	102,336.25	-
08/01/2027	-	-	15,827.50	15,827.50	-
12/31/2027	-	-	-	-	138,163.75
02/01/2028	90,000.00	3.500%	15,827.50	105,827.50	-
08/01/2028	-	-	14,230.00	14,230.00	-
12/31/2028	-	-	-	-	120,057.50
02/01/2029	70,000.00	3.500%	14,230.00	84,230.00	-
08/01/2029	-	-	13,005.00	13,005.00	-
12/31/2029	-	-	-	-	97,235.00
02/01/2030	70,000.00	3.500%	13,005.00	83,005.00	-
08/01/2030	-	-	11,780.00	11,780.00	-
12/31/2030	-	-	-	-	94,785.00
02/01/2031	75,000.00	3.550%	11,780.00	86,780.00	-
08/01/2031	-	-	10,448.75	10,448.75	-
12/31/2031	-	-	-	-	97,228.75
02/01/2032	65,000.00	3.600%	10,448.75	75,448.75	-
08/01/2032	-	-	9,278.75	9,278.75	-
12/31/2032	-	-	-	-	84,727.50
02/01/2033	75,000.00	3.650%	9,278.75	84,278.75	-
08/01/2033	-	-	7,910.00	7,910.00	-
12/31/2033	-	-	-	-	92,188.75
02/01/2034	75,000.00	3.750%	7,910.00	82,910.00	-
08/01/2034	-	-	6,503.75	6,503.75	-
12/31/2034	-	-	-	-	89,413.75
02/01/2035	65,000.00	3.850%	6,503.75	71,503.75	-
08/01/2035	-	-	5,252.50	5,252.50	-
12/31/2035	-	-	-	-	76,756.25
02/01/2036	70,000.00	3.850%	5,252.50	75,252.50	-
08/01/2036	-	-	3,905.00	3,905.00	-
12/31/2036	-	-	-	-	79,157.50
02/01/2037	55,000.00	3.900%	3,905.00	58,905.00	-
08/01/2037	-	-	2,832.50	2,832.50	-
12/31/2037	-	-	-	-	61,737.50
02/01/2038	45,000.00	4.000%	2,832.50	47,832.50	-
08/01/2038	-	-	1,932.50	1,932.50	-
12/31/2038	-	-	-	-	48,765.00
02/01/2039	30,000.00	4.050%	1,932.50	31,932.50	-
08/01/2039	-	-	1,325.00	1,325.00	-
12/31/2039	-	-	-	-	33,257.50
02/01/2040	30,000.00	4.050%	1,325.00	31,325.00	-
08/01/2040	-	-	717.50	717.50	-
12/31/2040	-	-	-	-	32,042.50
02/01/2041	35,000.00	4.100%	717.50	35,717.50	-
12/31/2041	-	-	-	-	35,717.50
Total	\$1,685,000.00	-	\$794,754.21	\$2,478,754.21	-

Yield Statistics

Bond Year Dollars	\$21,511.49
Average Life	12.766 Years
Average Coupon	3.6806134%
Net Interest Cost (NIC)	3.7104469%
True Interest Cost (TIC)	3.6983665%
Bond Yield for Arbitrage Purposes	3.5438691%
All Inclusive Cost (AIC)	3.9050724%
IRS Form 8038	
Net Interest Cost	3.5804085%
Weighted Average Maturity	12.634 Years

Raymond James

Preliminary

\$1,685,000

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

Total Issue Sources And Uses

Dated 01/20/2015 | Delivered 01/20/2015

	Series1988	Series 1991	Series1994	Series 1996 A	Series 2001	Sereis 1997	Series1998	Issue Summary
Sources Of Funds								
Par Amount of Bonds	\$190,000.00	\$115,000.00	\$135,000.00	\$190,000.00	\$555,000.00	\$240,000.00	\$260,000.00	\$1,685,000.00
Reoffering Premium	5,790.15	2,092.75	1,367.55	2,338.80	2,388.50	2,310.50	2,568.70	18,856.95
Total Sources	\$195,790.15	\$117,092.75	\$136,367.55	\$192,338.80	\$557,388.50	\$242,310.50	\$262,568.70	\$1,703,856.95
Uses Of Funds								
Total Underwriter's Discount (1.500%)	2,850.00	1,725.00	2,025.00	2,850.00	8,325.00	3,600.00	3,900.00	25,275.00
Costs of Issuance	2,850.00	1,725.00	2,025.00	2,850.00	8,325.00	3,600.00	3,900.00	25,275.00
Deposit to Current Refunding Fund	187,493.47	115,804.79	132,313.50	186,241.28	538,776.56	233,553.38	258,612.75	1,652,795.73
Rounding Amount	2,596.68	(2,162.04)	4.05	397.52	1,961.94	1,557.12	(3,844.05)	511.22
Total Uses	\$195,790.15	\$117,092.75	\$136,367.55	\$192,338.80	\$557,388.50	\$242,310.50	\$262,568.70	\$1,703,856.95

Public Finance

Raymond James

Preliminary

\$1,685,000

Magoffin 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	31,457.96	450.00	31,907.96	37,854.25	5,946.29
12/31/2016	113,536.25	450.00	113,986.25	125,032.25	11,046.00
12/31/2017	112,023.75	450.00	112,473.75	123,364.00	10,890.25
12/31/2018	120,373.75	450.00	120,823.75	124,202.00	3,378.25
12/31/2019	118,586.25	450.00	119,036.25	124,399.00	5,362.75
12/31/2020	116,717.50	450.00	117,167.50	123,879.75	6,712.25
12/31/2021	119,430.00	450.00	119,880.00	123,452.00	3,572.00
12/31/2022	116,805.00	450.00	117,255.00	123,694.50	6,439.50
12/31/2023	114,215.00	450.00	114,665.00	123,982.25	9,317.25
12/31/2024	121,517.50	450.00	121,967.50	124,989.25	3,021.75
12/31/2025	113,785.00	450.00	114,235.00	124,137.25	9,902.25
12/31/2026	116,072.50	450.00	116,522.50	123,164.50	6,642.00
12/31/2027	118,163.75	450.00	118,613.75	123,826.75	5,213.00
12/31/2028	120,057.50	450.00	120,507.50	123,794.75	3,287.25
12/31/2029	97,235.00	450.00	97,685.00	104,079.75	6,394.75
12/31/2030	94,785.00	450.00	95,235.00	104,294.50	9,059.50
12/31/2031	97,228.75	450.00	97,678.75	103,180.00	5,501.25
12/31/2032	84,727.50	450.00	85,177.50	92,504.00	7,326.50
12/31/2033	92,188.75	450.00	92,638.75	93,718.00	1,079.25
12/31/2034	89,413.75	450.00	89,863.75	91,997.00	2,133.25
12/31/2035	76,756.25	450.00	77,206.25	82,872.75	5,666.50
12/31/2036	79,157.50	450.00	79,607.50	81,638.50	2,031.00
12/31/2037	61,737.50	450.00	62,187.50	71,032.50	8,845.00
12/31/2038	49,765.00	450.00	50,215.00	52,557.50	2,342.50
12/31/2039	33,257.50	450.00	33,707.50	34,802.50	1,095.00
12/31/2040	32,042.50	450.00	32,492.50	34,385.00	1,892.50
12/31/2041	35,717.50	450.00	36,167.50	37,832.50	1,665.00
Total	\$2,476,754.21	\$12,150.00	\$2,488,904.21	\$2,634,667.00	\$145,762.79

PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	145,762.79
Gross PV Debt Service Savings	111,777.33
Effects of changes in Expenses	(7,677.89)
Net PV Cashflow Savings @ 3.905%(AIC)	104,099.44
Contingency or Rounding Amount	511.22
Net Present Value Benefit	\$104,610.66
Net PV Benefit / \$1,648,800 Refunded Principal	6.345%
Net Future Value Benefit	\$146,274.01
Net PV Benefit / \$1,685,000 Refunding Principal	6.208%
Average Annual Cash Flow Savings	5,398.62

Refunding Bond Information

Refunding Dated Date	1/20/2015
Refunding Delivery Date	1/20/2015

Raymond James

Preliminary

\$335,000

Magoffin County Water District

Series 1988

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2015	-	-	4,675.00	4,675.00
12/31/2016	11,000.00	-	9,075.00	20,075.00
12/31/2017	11,000.00	-	8,525.00	19,525.00
12/31/2018	12,000.00	-	7,950.00	19,950.00
12/31/2019	12,000.00	-	7,350.00	19,350.00
12/31/2020	13,000.00	-	6,725.00	19,725.00
12/31/2021	13,000.00	-	6,075.00	19,075.00
12/31/2022	14,000.00	-	5,400.00	19,400.00
12/31/2023	15,000.00	-	4,675.00	19,675.00
12/31/2024	16,000.00	-	3,900.00	19,900.00
12/31/2025	16,000.00	-	3,100.00	19,100.00
12/31/2026	17,000.00	-	2,275.00	19,275.00
12/31/2027	18,000.00	-	1,400.00	19,400.00
12/31/2028	19,000.00	5.000%	475.00	19,475.00
Total	\$187,000.00	-	\$71,600.00	\$258,600.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/20/2015
Average Life	7.605 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	7.605 Years

Refunding Bond Information

Refunding Dated Date	1/20/2015
Refunding Delivery Date	1/20/2015

Raymond James

Preliminary

\$181,000

Magoffin County Water District

Series 1991

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2015	-	-	2,887.50	2,887.50
12/31/2016	5,000.00	-	5,650.00	10,650.00
12/31/2017	5,000.00	-	5,400.00	10,400.00
12/31/2018	5,500.00	-	5,137.50	10,637.50
12/31/2019	5,500.00	-	4,862.50	10,362.50
12/31/2020	6,000.00	-	4,575.00	10,575.00
12/31/2021	6,500.00	-	4,262.50	10,762.50
12/31/2022	6,500.00	-	3,937.50	10,437.50
12/31/2023	7,000.00	-	3,600.00	10,600.00
12/31/2024	7,500.00	-	3,237.50	10,737.50
12/31/2025	7,500.00	-	2,862.50	10,362.50
12/31/2026	8,000.00	-	2,475.00	10,475.00
12/31/2027	8,500.00	-	2,062.50	10,562.50
12/31/2028	9,000.00	-	1,625.00	10,625.00
12/31/2029	9,500.00	-	1,162.50	10,662.50
12/31/2030	9,500.00	-	687.50	10,187.50
12/31/2031	9,000.00	5.000%	225.00	9,225.00
Total	\$115,500.00	-	\$54,650.00	\$170,150.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/20/2015
Average Life	9.410 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	9.410 Years

Refunding Bond Information

Refunding Dated Date	1/20/2015
Refunding Delivery Date	1/20/2015

Raymond James

Preliminary

\$185,000

Magoffin County Water District
Series 1994

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2015	-	-	2,970.00	2,970.00
12/31/2016	4,500.00	-	5,838.75	10,338.75
12/31/2017	4,500.00	-	5,636.25	10,136.25
12/31/2018	5,000.00	-	5,422.50	10,422.50
12/31/2019	5,000.00	-	5,197.50	10,197.50
12/31/2020	5,500.00	-	4,961.25	10,461.25
12/31/2021	5,500.00	-	4,713.75	10,213.75
12/31/2022	6,000.00	-	4,455.00	10,455.00
12/31/2023	6,000.00	-	4,185.00	10,185.00
12/31/2024	6,500.00	-	3,903.75	10,403.75
12/31/2025	7,000.00	-	3,600.00	10,600.00
12/31/2026	7,000.00	-	3,285.00	10,285.00
12/31/2027	7,500.00	-	2,958.75	10,458.75
12/31/2028	8,000.00	-	2,610.00	10,610.00
12/31/2029	8,000.00	-	2,250.00	10,250.00
12/31/2030	9,000.00	-	1,867.50	10,867.50
12/31/2031	9,000.00	-	1,462.50	10,462.50
12/31/2032	9,500.00	-	1,046.25	10,546.25
12/31/2033	10,000.00	-	607.50	10,607.50
12/31/2034	8,500.00	4.500%	191.25	8,691.25
Total	\$132,000.00	-	\$67,162.50	\$199,162.50

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/20/2015
Average Life	11.254 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	11.254 Years

Refunding Bond Information

Refunding Dated Date	1/20/2015
Refunding Delivery Date	1/20/2015

Raymond James

Preliminary

\$250,000

Magoffin County Water District

Series 1996 A

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2015	-	-	4,180.50	4,180.50
12/31/2016	5,500.00	-	8,237.25	13,737.25
12/31/2017	5,700.00	-	7,985.25	13,685.25
12/31/2018	6,000.00	-	7,722.00	13,722.00
12/31/2019	6,300.00	-	7,445.25	13,745.25
12/31/2020	6,500.00	-	7,157.25	13,657.25
12/31/2021	6,900.00	-	6,855.75	13,755.75
12/31/2022	7,100.00	-	6,540.75	13,640.75
12/31/2023	7,500.00	-	6,212.25	13,712.25
12/31/2024	7,800.00	-	5,868.00	13,668.00
12/31/2025	8,400.00	-	5,503.50	13,903.50
12/31/2026	8,500.00	-	5,123.25	13,623.25
12/31/2027	8,900.00	-	4,731.75	13,631.75
12/31/2028	9,300.00	-	4,322.25	13,622.25
12/31/2029	9,700.00	-	3,894.75	13,594.75
12/31/2030	10,200.00	-	3,447.00	13,647.00
12/31/2031	10,500.00	-	2,981.25	13,481.25
12/31/2032	11,100.00	-	2,495.25	13,595.25
12/31/2033	11,500.00	-	1,986.75	13,486.75
12/31/2034	12,100.00	-	1,455.75	13,555.75
12/31/2035	12,700.00	-	897.75	13,597.75
12/31/2036	13,600.00	4.500%	306.00	13,906.00
Total	\$185,800.00	-	\$105,349.50	\$291,149.50

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/20/2015
Average Life	12.547 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	12.547 Years

Refunding Bond Information

Refunding Dated Date	1/20/2015
Refunding Delivery Date	1/20/2015

Raymond James

Preliminary

\$640,000

Magoffin County Water District
Series 2001

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+i
12/31/2015	-	-	12,093.75	12,093.75
12/31/2016	11,500.00	-	23,928.75	35,428.75
12/31/2017	11,500.00	-	23,411.25	34,911.25
12/31/2018	12,000.00	-	22,882.50	34,882.50
12/31/2019	13,000.00	-	22,320.00	35,320.00
12/31/2020	13,000.00	-	21,735.00	34,735.00
12/31/2021	14,000.00	-	21,127.50	35,127.50
12/31/2022	14,000.00	-	20,497.50	34,497.50
12/31/2023	15,500.00	-	19,833.75	35,333.75
12/31/2024	16,000.00	-	19,125.00	35,125.00
12/31/2025	17,000.00	-	18,382.50	35,382.50
12/31/2026	17,500.00	-	17,606.25	35,106.25
12/31/2027	18,500.00	-	16,796.25	35,296.25
12/31/2028	19,000.00	-	15,952.50	34,952.50
12/31/2029	20,000.00	-	15,075.00	35,075.00
12/31/2030	21,000.00	-	14,152.50	35,152.50
12/31/2031	22,000.00	-	13,185.00	35,185.00
12/31/2032	22,000.00	-	12,195.00	34,195.00
12/31/2033	24,000.00	-	11,160.00	35,160.00
12/31/2034	25,000.00	-	10,057.50	35,057.50
12/31/2035	26,000.00	-	8,910.00	34,910.00
12/31/2036	27,000.00	-	7,717.50	34,717.50
12/31/2037	28,000.00	-	6,480.00	34,480.00
12/31/2038	30,000.00	-	5,175.00	35,175.00
12/31/2039	31,000.00	-	3,802.50	34,802.50
12/31/2040	32,000.00	-	2,385.00	34,385.00
12/31/2041	37,000.00	4.500%	832.50	37,832.50
Total	\$537,500.00	-	\$386,820.00	\$924,320.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/20/2015
Average Life	15.940 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	15.940 Years

Refunding Bond Information

Refunding Dated Date	1/20/2015
Refunding Delivery Date	1/20/2015

Raymond James

Preliminary

\$305,000

Magoffin County Water District

Series 1997

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2015	-	-	5,242.50	5,242.50
12/31/2016	6,000.00	-	10,350.00	16,350.00
12/31/2017	6,500.00	-	10,068.75	16,568.75
12/31/2018	7,000.00	-	9,765.00	16,765.00
12/31/2019	7,500.00	-	9,438.75	16,938.75
12/31/2020	7,500.00	-	9,101.25	16,601.25
12/31/2021	8,000.00	-	8,752.50	16,752.50
12/31/2022	8,500.00	-	8,381.25	16,881.25
12/31/2023	8,500.00	-	7,998.75	16,498.75
12/31/2024	9,000.00	-	7,605.00	16,605.00
12/31/2025	9,500.00	-	7,188.75	16,688.75
12/31/2026	10,000.00	-	6,750.00	16,750.00
12/31/2027	10,000.00	-	6,300.00	16,300.00
12/31/2028	11,000.00	-	5,827.50	16,827.50
12/31/2029	11,000.00	-	5,332.50	16,332.50
12/31/2030	12,000.00	-	4,815.00	16,815.00
12/31/2031	12,500.00	-	4,263.75	16,763.75
12/31/2032	13,000.00	-	3,690.00	16,690.00
12/31/2033	13,500.00	-	3,093.75	16,593.75
12/31/2034	14,000.00	-	2,475.00	16,475.00
12/31/2035	15,000.00	-	1,822.50	16,822.50
12/31/2036	15,000.00	-	1,147.50	16,147.50
12/31/2037	18,000.00	4.500%	405.00	18,405.00
Total	\$233,000.00	-	\$139,815.00	\$372,815.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/20/2015
Average Life	13.282 Years
Average Coupon	4.500000%
Weighted Average Maturity (Par Basis)	13.282 Years

Refunding Bond Information

Refunding Dated Date	1/20/2015
Refunding Delivery Date	1/20/2015

Raymond James

Preliminary

\$330,000

Magoffin County Water District

Series 1998

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2015	-	-	5,805.00	5,805.00
12/31/2016	7,000.00	-	11,452.50	18,452.50
12/31/2017	7,000.00	-	11,137.50	18,137.50
12/31/2018	7,000.00	-	10,822.50	17,822.50
12/31/2019	8,000.00	-	10,485.00	18,485.00
12/31/2020	8,000.00	-	10,125.00	18,125.00
12/31/2021	8,000.00	-	9,765.00	17,765.00
12/31/2022	9,000.00	-	9,382.50	18,382.50
12/31/2023	9,000.00	-	8,977.50	17,977.50
12/31/2024	10,000.00	-	8,550.00	18,550.00
12/31/2025	10,000.00	-	8,100.00	18,100.00
12/31/2026	10,000.00	-	7,650.00	17,650.00
12/31/2027	11,000.00	-	7,177.50	18,177.50
12/31/2028	11,000.00	-	6,682.50	17,682.50
12/31/2029	12,000.00	-	6,165.00	18,165.00
12/31/2030	12,000.00	-	5,625.00	17,625.00
12/31/2031	13,000.00	-	5,062.50	18,062.50
12/31/2032	13,000.00	-	4,477.50	17,477.50
12/31/2033	14,000.00	-	3,870.00	17,870.00
12/31/2034	15,000.00	-	3,217.50	18,217.50
12/31/2035	15,000.00	-	2,542.50	17,542.50
12/31/2036	15,000.00	-	1,867.50	16,867.50
12/31/2037	17,000.00	-	1,147.50	18,147.50
12/31/2038	17,000.00	4.500%	382.50	17,382.50
Total	\$258,000.00	-	\$160,470.00	\$418,470.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/20/2015
Average Life	13.769 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	13.769 Years

Refunding Bond Information

Refunding Dated Date	1/20/2015
Refunding Delivery Date	1/20/2015

Raymond James

Magoffin County Water District
Statement of Net Position
Proprietary Fund
December 31, 2013

ASSETS

Current Assets	
Cash and cash equivalents - unrestricted	\$ 581,909
Cash and cash equivalents - restricted (note 7)	207,795
Accounts receivable - net of allowance for doubtful accounts (note 1)	120,933
Prepaid expenses	<u>14,560</u>
Total Current Assets	<u>925,197</u>
Noncurrent Assets	
Capital assets: (note 5)	
Land	13,620
Plant, equipment and lines	14,007,057
Accumulated depreciation	<u>(4,173,190)</u>
Total Noncurrent Assets	<u>9,847,487</u>
Total Assets	<u>\$ 10,772,684</u>

LIABILITIES

Current Liabilities	
Accrued expenses	\$ 71,910
Bonds/loans payable (note 2)	55,014
Payable from restricted assets	<u>107,875</u>
Total Current Liabilities	<u>234,799</u>
Noncurrent Liabilities	
Bonds/loans payable (note 2)	<u>1,662,286</u>
Total Noncurrent Liabilities	<u>1,662,286</u>
Total Liabilities	<u>1,897,085</u>

NET POSITION

Invested in capital assets, net of related debt	8,130,187
Restricted	99,920
Unrestricted	<u>645,492</u>
Total Net Position	<u>\$ 8,875,599</u>

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

Magoffin County Water District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the fiscal year ended December 31, 2013

Revenues	
User fees	\$ 1,244,425
Other water revenue	<u>95,826</u>
Total Revenues	<u>1,340,251</u>
Expenses	
Water purchased	532,222
Salaries	308,413
Office expense	44,292
Insurance	30,483
Taxes	79,948
Rental expense	9,300
Legal & accounting	4,000
Employee benefits	109,418
Miscellaneous	12,023
Electric pumping expense	42,183
Depreciation	223,639
Supplies	28,088
Utilities	8,824
Water testing	2,984
Bad debt	1,431
Truck expense	<u>36,377</u>
Total Operating Expenses	<u>1,473,625</u>
Operating Income (Loss)	<u>(133,374)</u>
Nonoperating Revenues (Expenses)	
Tap fees	12,750
Interest income	3,214
Interest expense	<u>(82,502)</u>
Net Nonoperating Revenues (Expenses)	<u>(66,538)</u>
Change in Net Position	(199,912)
Total Net Position - beginning	<u>9,075,511</u>
Total Net Position - ending	<u>\$ 8,875,599</u>

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

Magoffin County Water District
Statement of Cash Flows
Proprietary Fund Type
December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating revenues	\$ 1,338,462
Cash paid to employees	(308,413)
Cash paid for general and administrative expenses	<u>(930,841)</u>
Net Cash provided by operating activities	<u>99,208</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest earned	3,214
Customer deposits	<u>8,911</u>
Net Cash provided by investing activities	<u>12,125</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:	
Capital grants	
Bond payments	(43,800)
Tap fees	12,750
Interest paid	<u>(82,208)</u>
Net Cash used in capital and financing activities	<u>(113,258)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,925)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>791,629</u>
CASH AND CASH EQUIVALENTS - END OF THE YEAR	<u>\$ 789,704</u>
RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Net Operating Income	\$ (133,374)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
(increase) in prepaid expenses	(1,728)
depreciation	223,639
(increase) in accounts receivable	(1,789)
Increase in accounts payable	<u>12,460</u>
Net cash provided by operating activities	<u>\$ 99,208</u>

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

Steve L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet



Commonwealth of Kentucky
Public Service Commission
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Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James Gardner
Vice Chairman

Linda Breathitt
Commissioner

December 23, 2014

PARTIES OF RECORD

RE: Case No. **2014-00444**

Magoffin County Water District
(Financing)

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received December 23, 2014 and has been assigned Case No. 2014-00444. In all future correspondence or filings in connection with this case, please reference the above case number. Public comments and responses to public comments regarding this case may be viewed on the Commission's web site at <http://www.psc.ky.gov>.

All documents submitted to the Commission in this proceeding must comply with the rules of procedure adopted by the Commission found in 807 KAR 5:001. Any deviation from these rules must be submitted in writing to the Commission for consideration as required by 807 KAR 5:001 (22). Additionally, confidential treatment of any material submitted must follow the requirements found in 807 KAR 5:001 (13).

Pursuant to the 2014 revisions to KRS 278.380, beginning on July 16, 2014, the Commission shall use electronic means to deliver orders. Please ensure a proper email address is included for each person to be included on the Commission's official service list.

Materials submitted to the Commission which do not comply with the rules of procedure, or that do not have an approved deviation, are subject to rejection by Commission pursuant to 807 KAR 5:001 (3). In order to insure cases are processed in a timely manner and accurate reliable records are created, please make sure that the rules of procedure are followed. Should you have any questions, please contact Linda Faulkner in the Division of Filings at (502)564-3940.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

JD/tw

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MAGOFFIN COUNTY WATER)	
DISTRICT TO ISSUE SECURITIES IN THE)	
APPROXIMATE PRINCIPAL AMOUNT OF)	CASE NO.
\$1,685,000 FOR THE PURPOSE OF REFUNDING)	2014-00444
CERTAIN OUTSTANDING REVENUE BONDS OF)	
THE DISTRICT PURSUANT TO THE PROVISIONS)	
OF KRS 278.300 AND 807 KAR 5:001)	

ORDER

On December 23, 2014, Magoffin County Water District ("Magoffin District") applied to the Commission for approval to enter into an assistance agreement with the Kentucky Rural Water Finance Corporation ("KRWFC") to borrow approximately \$1,685,000 to refund existing indebtedness.

Having considered the record and being otherwise sufficiently advised, the Commission finds that:

1. Magoffin District proposes to execute an assistance agreement with KRWFC to borrow \$1,685,000 subject to an adjustment of up to 10 percent. The proposed loan will have a 26-year term subject to interest rates of up to 4.1 percent.¹
2. Magoffin District proposes to use the proceeds from the assistance agreement to fully refund outstanding Waterworks Revenue Bonds Series 1988, 1991, 1994, 1996A, 1997, 1998, and 2001 that are held by the United States Department of

¹ Application, Exhibit A.

3. Agriculture Rural Development in the amounts of \$187,000, \$115,500, \$132,000, \$185,800, \$233,000, \$258,000, and \$537,500,² respectively.

4. Magoffin District estimates that its proposed refinancing will result in total gross savings and net present value savings of \$146,274 and \$104,099, respectively.³

5. Magoffin District will expend \$1,703,857 to refund the outstanding bonds and to pay bond issuance costs.⁴

6. Magoffin District's proposed loan is for a lawful object within its corporate purpose, is reasonably necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair Magoffin District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Magoffin District is authorized to enter into an agreement with KRWFC to borrow no more than \$1,853,500⁵ for the purpose of refunding the outstanding indebtedness, but only under such terms and conditions that will produce both positive gross savings and net present value savings.

2. If the actual terms and conditions of the agreement with KRWFC differ from those set forth in its application, Magoffin District shall, within 30 days of executing the loan agreement, file with the Commission amortization schedules and work papers

² Application Exhibit D.

³ Application, Exhibit C. The utility identifies "gross savings" and "net present value savings" as "net future value benefit" and "net present value benefit", respectively.

⁴ Application, Exhibit B. \$25,275 (Total Underwriter's Discount) + \$25,275 (Cost of Issuance) + \$1,652,796 (Deposit to Current Refunding Fund) + \$511 (Rounding) = \$1,703,857. The Sources of the Funds are \$1,685,000 (Par Amount of Bonds) + \$18,857 (Reoffering Premium) = \$1,703,857.

⁵ \$1,685,000 x 110% = \$1,853,500.

showing the actual gross savings and net present value savings that will result from the refinancing.

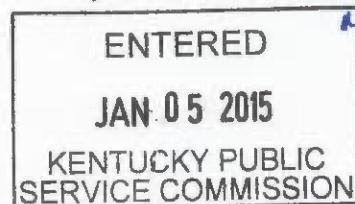
3. Within 30 days of executing the proposed agreement, Magoffin District shall file a copy of the executed Assistance Agreement and any documents referenced in the executed Assistance Agreement that Magoffin District has not previously filed with the Commission.

4. The proceeds from the Assistance Agreement shall be used only for the lawful purposes specified in Magoffin District's application.

5. Any documents filed pursuant to ordering paragraphs 2 and 3 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

By the Commission



ATTEST:

Executive Director

James W Hoskins
Superintendent
Magoffin County Water District
749 Parkway Rd
P. O. Box 490
Salyersville, KY 41465

Honorable W. Randall Jones
Attorney at Law
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, KENTUCKY 40202