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DAMON R. TALLEY

ATTORNEY AT LAW

September 7, 2010

Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
PO Box 615  
Frankfort, KY 40602

RECEIVED

SEP 08 2010

PUBLIC SERVICE  
COMMISSION

RE: Hardin County Water District No. 2  
Case No. 2010-00256

Dear Mr. Derouen:

Enclosed is the Compliance Statement which provides the requested information regarding the 2010A Refunding Revenue Bonds issued by Hardin County Water District No. 2 on July 28, 2010.

This information is being provided pursuant to the Commission's July 23, 2010 Order.

Should you need any additional information, please let me know.

Yours truly,

DAMON R. TALLEY, P.S.C.



DAMON R. TALLEY, ATTORNEY FOR  
HARDIN COUNTY WATER DISTRICT NO. 2

DRT:ms

Enclosures

cc: Hardin County Water District No. 2

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF THE HARDIN COUNTY )
WATER DISTRICT NO. 2 TO ISSUE SECURITIES )
IN THE APPROXIMATE PRINCIPAL AMOUNT )
OF \$5,625,000 FOR THE PURPOSE OF ) CASE NO. 2010- 00256
REFUNDING CERTAIN OUTSTANDING )
REVENUE BONDS OF THE DISTRICT )
PURSUANT TO THE PROVISIONS OF KRS )
278.300 AND 807 KAR 5:001 )

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COMPLIANCE STATEMENT

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The Applicant, Hardin County Water District No. 2 (the "District"), files this Compliance Statement pursuant to the provisions of the Commission’s Order dated July 23, 2010. The District states as follows:

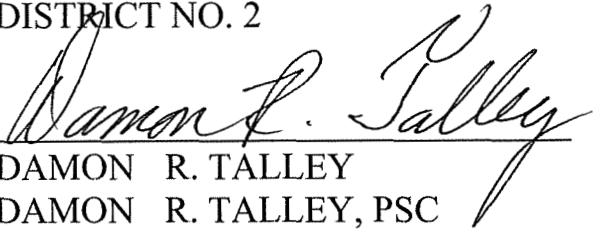
- 1. The District issued its Water System Refunding Revenue Bonds, Series 2010A (the “2010A Refunding Bonds”) on July 28, 2010.
2. The actual interest rates on the 2010A Refunding Bonds are set forth in Exhibit 1 which is attached hereto and incorporated herein by referece. As shown in Exhibit 1, the interest rates vary from 2.0% to 4.125%.
3. The principal amount of the 2010A Refunding Bonds is \$5,625,000.

4. The actual terms and conditions of the 2010A Refunding Bonds were identical to the terms and conditions set forth in the Application. The 2010A Refunding Bonds produced a gross savings of \$1,283,778 and a net present value savings of \$536,176 as set forth in the Application and the Commission's July 23, 2010 Order.

This September 7<sup>th</sup>, 2010.

Respectfully submitted,  
HARDIN COUNTY WATER  
DISTRICT NO. 2

BY:

  
DAMON R. TALLEY

DAMON R. TALLEY, PSC  
Counsel for Applicant  
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**Hardin County (Kentucky)**

Water District #2

Water System Refunding Revenue Bonds,  
Series 2010 (Refunding of 1999A)

**EXHIBIT 1**

**Debt Service Schedule**

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/28/2010	-	-	-	-	-
01/01/2011	140,000.00	2.000%	78,452.34	218,452.34	-
07/01/2011	-	-	90,896.88	90,896.88	-
12/31/2011	-	-	-	-	309,349.22
01/01/2012	205,000.00	2.000%	90,896.88	295,896.88	-
07/01/2012	-	-	88,846.88	88,846.88	-
12/31/2012	-	-	-	-	384,743.76
01/01/2013	210,000.00	2.000%	88,846.88	298,846.88	-
07/01/2013	-	-	86,746.88	86,746.88	-
12/31/2013	-	-	-	-	385,593.76
01/01/2014	215,000.00	2.000%	86,746.88	301,746.88	-
07/01/2014	-	-	84,596.88	84,596.88	-
12/31/2014	-	-	-	-	386,343.76
01/01/2015	220,000.00	2.000%	84,596.88	304,596.88	-
07/01/2015	-	-	82,396.88	82,396.88	-
12/31/2015	-	-	-	-	386,993.76
01/01/2016	225,000.00	2.375%	82,396.88	307,396.88	-
07/01/2016	-	-	79,725.00	79,725.00	-
12/31/2016	-	-	-	-	387,121.88
01/01/2017	230,000.00	2.750%	79,725.00	309,725.00	-
07/01/2017	-	-	76,562.50	76,562.50	-
12/31/2017	-	-	-	-	386,287.50
01/01/2018	235,000.00	2.750%	76,562.50	311,562.50	-
07/01/2018	-	-	73,331.25	73,331.25	-
12/31/2018	-	-	-	-	384,893.75
01/01/2019	245,000.00	3.000%	73,331.25	318,331.25	-
07/01/2019	-	-	69,656.25	69,656.25	-
12/31/2019	-	-	-	-	387,987.50
01/01/2020	250,000.00	3.250%	69,656.25	319,656.25	-
07/01/2020	-	-	65,593.75	65,593.75	-
12/31/2020	-	-	-	-	385,250.00
01/01/2021	260,000.00	3.375%	65,593.75	325,593.75	-
07/01/2021	-	-	61,206.25	61,206.25	-
12/31/2021	-	-	-	-	386,800.00
01/01/2022	265,000.00	3.375%	61,206.25	326,206.25	-
07/01/2022	-	-	56,734.38	56,734.38	-
12/31/2022	-	-	-	-	382,940.63
01/01/2023	275,000.00	3.500%	56,734.38	331,734.38	-
07/01/2023	-	-	51,921.88	51,921.88	-
12/31/2023	-	-	-	-	383,656.26
01/01/2024	290,000.00	3.625%	51,921.88	341,921.88	-
07/01/2024	-	-	46,665.63	46,665.63	-
12/31/2024	-	-	-	-	388,587.51

**Hardin County (Kentucky)**

Water District #2

Water System Refunding Revenue Bonds,  
Series 2010 (Refunding of 1999A)**EXHIBIT 1****Debt Service Schedule**

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
01/01/2025	300,000.00	3.750%	46,665.63	346,665.63	-
07/01/2025	-	-	41,040.63	41,040.63	-
12/31/2025	-	-	-	-	387,706.26
01/01/2026	310,000.00	3.875%	41,040.63	351,040.63	-
07/01/2026	-	-	35,034.38	35,034.38	-
12/31/2026	-	-	-	-	386,075.01
01/01/2027	325,000.00	3.875%	35,034.38	360,034.38	-
07/01/2027	-	-	28,737.50	28,737.50	-
12/31/2027	-	-	-	-	388,771.88
01/01/2028	340,000.00	4.000%	28,737.50	368,737.50	-
07/01/2028	-	-	21,937.50	21,937.50	-
12/31/2028	-	-	-	-	390,675.00
01/01/2029	345,000.00	4.000%	21,937.50	366,937.50	-
07/01/2029	-	-	15,037.50	15,037.50	-
12/31/2029	-	-	-	-	381,975.00
01/01/2030	360,000.00	4.000%	15,037.50	375,037.50	-
07/01/2030	-	-	7,837.50	7,837.50	-
12/31/2030	-	-	-	-	382,875.00
01/01/2031	380,000.00	4.125%	7,837.50	387,837.50	-
12/31/2031	-	-	-	-	387,837.50
<b>Total</b>	<b>\$5,625,000.00</b>	<b>-</b>	<b>\$2,407,464.94</b>	<b>\$8,032,464.94</b>	<b>-</b>

**Yield Statistics**

Bond Year Dollars	\$65,965.63
Average Life	11.727 Years
Average Coupon	3.6495750%
Net Interest Cost (NIC)	3.7077257%
True Interest Cost (TIC)	3.6839301%
Bond Yield for Arbitrage Purposes	3.6273362%
All Inclusive Cost (AIC)	3.8987318%

**IRS Form 8038**

Net Interest Cost	3.6797338%
Weighted Average Maturity	11.696 Years