



**Steven L. Beshear**  
Governor

**Leonard K. Peters**  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
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Frankfort, Kentucky 40602-0615  
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**David L. Armstrong**  
Chairman

**James W. Gardner**  
Vice Chairman

**Charles R. Borders**  
Commissioner

December 13, 2010

W. Randall Jones, Esq.  
Rubin & Hays  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202

Mr. Bobby Powell  
Kirksville Water Association, Inc.  
P. O. Box 670  
Richmond, KY 40476-0670

Re: Case No. 2010-00439  
Kirksville Water Association, Inc.

Gentlemen:

The enclosed electronic mail message and its attachments have been placed in the record of the above-referenced case.

Sincerely,

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

Jeff Derouen  
Executive Director

gw  
Enclosure

## Wuetcher, Jerry (PSC)

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**From:** Randy Jones [wrjones@rubinhays.com]  
**Sent:** Wednesday, December 01, 2010 16:34  
**To:** Wuetcher, Jerry (PSC)  
**Subject:** RE: Refunding Cases  
**Attachments:** South Eastern Water Association Case No. 2010-00431.PDF; Judy Water Association, Case No. 2010-00411.PDF; Butler County Water System, Case No. 2010-00419.PDF

Mr. Wuetcher,

Per your request, attached please find our letter adding 2 Notes to the South Eastern Water Association Case No. 2010-00431.

Also, in response to your inquiry about the lending agencies, we had previously filed letters correcting the lending agency in Cases No. 2010-00411 and 2010-00419. We have attached the letters to this email.

In regards to the structure of these 5 refunding cases, State and Federal tax laws prohibit the Kentucky Rural Water Finance Corporation from making tax-exempt loans to water associations as such associations are "private parties" under tax laws. It was necessary to have the County of Butler issue tax-exempt pooled private activity bonds to accomplish the water association refundings in order to comply with all laws. The County of Butler agreed to act as the pool issuer in order to take advantage of the economies of scale, as opposed to issuing 5 separate bond issues in each County where the water associations are located.

If you need any further explanation or documentation, please let us know.

*W. Randall Jones, Esq.*

Rubin & Hays  
450 South Third Street, Suite 300  
Louisville, Kentucky 40202  
Telephone: (502) 569-7534  
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Email: wrjones@rubinhays.com

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**From:** Wuetcher, Jerry (PSC) [mailto:JWuetcher@ky.gov]  
**Sent:** Wednesday, December 01, 2010 3:00 PM  
**To:** Randy Jones  
**Cc:** Jones, Dennis E (PSC); Parks, Daryl T (PSC); Bryant, Sam (PSC)  
**Subject:** Refunding Cases

Mr. Jones:

This message is to confirm the requests made during our telephone conversation this morning.

First, applications for PSC approval to refund certain loans in Cases No. 2010-00411, No. 2010-00419, No. 2010-00430, No. 2010-00431, and No. 2010-00439 refer to different lending agencies to which the water associations are executing loan agreements. Some of the applications refer to Kentucky Rural Water Finance Corporation. Others refer to the County of Butler. Which is the correct lending agency? If the lending agency is the County of Butler, Kentucky, please explain how this governmental body became a lender to several water utilities that are distant from Butler County.

Second, in Case No. No. 2010-00431, the application states that Southeastern Water Association is refunding 3 promissory notes held by Rural Development. The exhibits to the application involving existing promissory notes to be refunded have information on five promissory notes. How many notes are being refunded? If more than 3 notes are being refunded, please provide the same information for the

12/7/10

missing notes that was provided in paragraph 5 of the application for the other promissory notes.

Thank you for your prompt attention to these requests. Based upon the information provided this morning, Commission Staff understands that the applicants intend to close on the refinancings on 8 December 2010 and request an order from the Commission on their applications before that date.

Sincerely,

Gerald E. Wuetcher  
Executive Advisor  
Public Service Commission of Kentucky  
(502) 564-3940, Extension 259  
(502) 229-6500 (cell)  
gerald.wuetcher@ky.gov

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410  
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CHARLES S. MUSSON  
W. RANDALL JONES  
CHRISTIAN L. JUCKETT

November 1, 2010

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

Re: Judy Water Association, Inc. PSC Case No. 2010-00411

Dear Mr. Derouen:

On October 21, 2010, we filed an Application of the Judy Water Association, Inc. ("Judy Water") for an Order authorizing the Association to issue securities pursuant to KRS 278.300.

**The Application stated in Paragraph #5 that the loan to Judy Water was being made by the Kentucky Rural Water Finance Corporation. The loan is actually being made by the County of Butler, Kentucky pursuant to a loan agreement by and between the County and Judy Water.**

If you have any questions or need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By   
W. Randall Jones

WRJ:jlm  
Enclosures

cc: Mr. Billy Ray Fawns, JWA  
Ms. Kristen Millard, Morgan Keegan

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

November 1, 2010

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

Re: Butler County Water System, Inc. PSC Case No. 2010-00419

Dear Mr. Derouen:

On October 26, 2010, we filed an Application of the Butler County Water System, Inc. ("Butler System") for an Order authorizing the Association to issue securities pursuant to KRS 278.300.

**The Application stated in Paragraph #5 that the loan to Butler System was being made by the Kentucky Rural Water Finance Corporation. The loan is actually being made by the County of Butler, Kentucky pursuant to a loan agreement by and between the County and Butler System.**

If you have any questions or need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By   
W. Randall Jones

WRJ:jlm  
Enclosures

cc: Mr. Alan Vilines, P.E., BCWS  
Ms. Kristen Millard, Morgan Keegan

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CHARLES S. MUSSON  
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December 1, 2010

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

**Re: South Eastern Water Association, Inc. PSC Case No. 2010-00431**

Dear Mr. Derouen:

We are writing this letter in response to a request from Gerald E. Wuetcher, Executive Advisor, regarding the above referenced Case.

Please be advised that South Eastern Water Association added two additional Notes to the refunding program subsequent to the filing of the initial Application for a total of five Notes. The information on the additional two Notes is as follows: (i) South Eastern Water Association Promissory Note, dated September 14, 1995, in the original principal amount of \$557,413.09, bearing interest at the rate of 5.00% per annum; and (ii) South Eastern Water Association Promissory Note, dated February 12, 1997, in the original principal amount of \$752,084.94, bearing interest at the rate of 5.00% per annum. Both additional Notes are currently held by USDA, Rural Development.

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