

# Rubin & Hays

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CHARLES S. MUSSON  
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August 30, 2012

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

RECEIVED  
SEP 4 2012  
PUBLIC SERVICE  
COMMISSION

Re: Mountain Water District PSC Case No. 2012-00317


Dear Mr. Derouen:

In accordance with paragraphs No. 2 and 3 of the PSC Order dated August 7, 2012 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 August 29, 2012.

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

Final

**\$6,270,000**

Mountain Water District  
Kentucky Rural Water Finance Corporation  
Public Projects Refunding Bonds, Series 2012 E

## Sources & Uses

Dated 08/29/2012 | Delivered 08/29/2012

### Sources Of Funds

Par Amount of Bonds	\$6,270,000.00
Reoffering Premium	99,246.40
Transfers from Prior Issue Debt Service Funds	182,289.06

**Total Sources** **\$6,551,535.46**

### Uses Of Funds

Total Underwriter's Discount (1.677%)	105,119.87
Costs of Issuance	84,010.00
Deposit to Current Refunding Fund	6,359,972.89
Rounding Amount	2,432.70

**Total Uses** **\$6,551,535.46**

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Final

**\$6,270,000**

Mountain Water District  
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### Debt Service Comparison

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
12/30/2012	-	-	-	-	-
12/30/2013	346,104.10	450.00	346,554.10	555,263.13	208,709.03
12/30/2014	532,131.26	450.00	532,581.26	556,041.56	23,460.30
12/30/2015	534,368.76	450.00	534,818.76	555,221.87	20,403.11
12/30/2016	531,381.26	450.00	531,831.26	554,806.56	22,975.30
12/30/2017	528,281.26	450.00	528,731.26	554,262.19	25,530.93
12/30/2018	530,068.76	450.00	530,518.76	554,539.07	24,020.31
12/30/2019	525,693.76	450.00	526,143.76	554,592.51	28,448.75
12/30/2020	528,343.76	450.00	528,793.76	553,911.88	25,118.12
12/30/2021	360,506.26	450.00	360,956.26	389,162.50	28,206.24
12/30/2022	332,706.26	450.00	333,156.26	362,638.75	29,482.49
12/30/2023	330,556.26	450.00	331,006.26	362,806.25	31,799.99
12/30/2024	333,243.76	450.00	333,693.76	362,015.00	28,321.24
12/30/2025	330,606.26	450.00	331,056.26	361,753.75	30,697.49
12/30/2026	327,806.26	450.00	328,256.26	361,486.25	33,229.99
12/30/2027	329,843.76	450.00	330,293.76	362,165.00	31,871.24
12/30/2028	301,556.26	450.00	302,006.26	333,006.25	30,999.99
12/30/2029	298,918.76	450.00	299,368.76	332,057.50	32,688.74
12/30/2030	295,818.76	450.00	296,268.76	332,082.50	35,813.74
12/30/2031	212,550.00	450.00	213,000.00	245,747.50	32,747.50
12/30/2032	211,600.00	450.00	212,050.00	245,152.50	33,102.50
12/30/2033	175,475.00	450.00	175,925.00	209,496.25	33,571.25
12/30/2034	170,218.76	450.00	170,668.76	208,312.50	37,643.74
12/30/2035	169,781.26	450.00	170,231.26	208,302.50	38,071.24
12/30/2036	99,156.26	450.00	99,606.26	135,108.75	35,502.49
12/30/2037	100,862.50	450.00	101,312.50	135,287.50	33,975.00
12/30/2038	97,307.50	450.00	97,757.50	135,218.75	37,461.25
12/30/2039	98,752.50	450.00	99,202.50	133,436.25	34,233.75
<b>Total</b>	<b>\$8,633,639.30</b>	<b>\$12,150.00</b>	<b>\$8,645,789.30</b>	<b>\$9,653,875.02</b>	<b>\$1,008,085.72</b>

#### PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	1,008,085.72
Gross PV Debt Service Savings	809,138.05
Effects of changes in Expenses	(8,163.64)
<b>Net PV Cashflow Savings @ 3.217%(Bond Yield)</b>	<b>800,974.41</b>
Transfers from Prior Issue Debt Service Fund	(182,289.06)
Contingency or Rounding Amount	2,432.70
Net Future Value Benefit	\$828,229.36
Net Present Value Benefit	\$621,118.05
Net PV Benefit / \$6,311,000 Refunded Principal	9.808%
Net PV Benefit / \$6,270,000 Refunding Principal	9.872%

#### Refunding Bond Information

Refunding Dated Date	8/29/2012
Refunding Delivery Date	8/29/2012
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**Raymond James I Morgan Keegan**

Final  
**\$6,270,000**

Mountain Water District  
 Kentucky Rural Water Finance Corporation  
 Public Projects Refunding Bonds, Series 2012 E

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total PI	Fiscal Total
08/29/2012	-	-	-	-	-
02/01/2013	-	-	80,625.97	80,625.97	-
08/01/2013	170,000.00	2.250%	95,478.13	265,478.13	-
12/30/2013	-	-	-	-	346,104.10
02/01/2014	-	-	93,565.63	93,565.63	-
08/01/2014	345,000.00	2.250%	93,565.63	438,565.63	-
12/30/2014	-	-	-	-	532,131.26
02/01/2015	-	-	89,684.38	89,684.38	-
08/01/2015	355,000.00	2.250%	89,684.38	444,684.38	-
12/30/2015	-	-	-	-	534,368.76
02/01/2016	-	-	85,690.63	85,690.63	-
08/01/2016	360,000.00	2.250%	85,690.63	445,690.63	-
12/30/2016	-	-	-	-	531,381.26
02/01/2017	-	-	81,640.63	81,640.63	-
08/01/2017	365,000.00	2.250%	81,640.63	446,640.63	-
12/30/2017	-	-	-	-	528,281.26
02/01/2018	-	-	77,534.38	77,534.38	-
08/01/2018	375,000.00	2.500%	77,534.38	452,534.38	-
12/30/2018	-	-	-	-	530,068.76
02/01/2019	-	-	72,846.88	72,846.88	-
08/01/2019	380,000.00	3.250%	72,846.88	452,846.88	-
12/30/2019	-	-	-	-	525,693.76
02/01/2020	-	-	66,671.88	66,671.88	-
08/01/2020	395,000.00	3.250%	66,671.88	461,671.88	-
12/30/2020	-	-	-	-	528,343.76
02/01/2021	-	-	60,253.13	60,253.13	-
08/01/2021	240,000.00	3.250%	60,253.13	300,253.13	-
12/30/2021	-	-	-	-	360,506.26
02/01/2022	-	-	56,353.13	56,353.13	-
08/01/2022	220,000.00	3.250%	56,353.13	276,353.13	-
12/30/2022	-	-	-	-	332,706.26
02/01/2023	-	-	52,778.13	52,778.13	-
08/01/2023	225,000.00	3.250%	52,778.13	277,778.13	-
12/30/2023	-	-	-	-	330,556.26
02/01/2024	-	-	49,121.88	49,121.88	-
08/01/2024	235,000.00	3.250%	49,121.88	284,121.88	-
12/30/2024	-	-	-	-	333,243.76
02/01/2025	-	-	45,303.13	45,303.13	-
08/01/2025	240,000.00	3.250%	45,303.13	285,303.13	-
12/30/2025	-	-	-	-	330,606.26
02/01/2026	-	-	41,403.13	41,403.13	-
08/01/2026	245,000.00	3.250%	41,403.13	286,403.13	-
12/30/2026	-	-	-	-	327,806.26
02/01/2027	-	-	37,421.88	37,421.88	-
08/01/2027	255,000.00	3.250%	37,421.88	292,421.88	-
12/30/2027	-	-	-	-	329,843.76
02/01/2028	-	-	33,278.13	33,278.13	-
08/01/2028	235,000.00	3.250%	33,278.13	268,278.13	-
12/30/2028	-	-	-	-	301,556.26
02/01/2029	-	-	29,459.38	29,459.38	-
08/01/2029	240,000.00	3.375%	29,459.38	269,459.38	-
12/30/2029	-	-	-	-	298,918.76
02/01/2030	-	-	25,409.38	25,409.38	-
08/01/2030	245,000.00	3.375%	25,409.38	270,409.38	-
12/30/2030	-	-	-	-	295,818.76
02/01/2031	-	-	21,275.00	21,275.00	-
08/01/2031	170,000.00	3.500%	21,275.00	191,275.00	-
12/30/2031	-	-	-	-	212,550.00
02/01/2032	-	-	18,300.00	18,300.00	-
08/01/2032	175,000.00	3.500%	18,300.00	193,300.00	-
12/30/2032	-	-	-	-	211,600.00
02/01/2033	-	-	15,237.50	15,237.50	-
08/01/2033	145,000.00	3.625%	15,237.50	160,237.50	-
12/30/2033	-	-	-	-	175,475.00
02/01/2034	-	-	12,609.38	12,609.38	-
08/01/2034	145,000.00	3.750%	12,609.38	157,609.38	-
12/30/2034	-	-	-	-	170,218.76
02/01/2035	-	-	9,890.63	9,890.63	-
08/01/2035	150,000.00	3.750%	9,890.63	159,890.63	-
12/30/2035	-	-	-	-	169,781.26
02/01/2036	-	-	7,078.13	7,078.13	-
08/01/2036	85,000.00	3.875%	7,078.13	92,078.13	-
12/30/2036	-	-	-	-	99,156.26
02/01/2037	-	-	5,431.25	5,431.25	-
08/01/2037	90,000.00	3.950%	5,431.25	95,431.25	-
12/30/2037	-	-	-	-	100,862.50
02/01/2038	-	-	3,653.75	3,653.75	-
08/01/2038	90,000.00	3.950%	3,653.75	93,653.75	-
12/30/2038	-	-	-	-	97,307.50
02/01/2039	-	-	1,876.25	1,876.25	-
08/01/2039	95,000.00	3.950%	1,876.25	96,876.25	-
12/30/2039	-	-	-	-	98,752.50
<b>Total</b>	<b>\$6,270,000.00</b>		<b>\$2,363,639.30</b>	<b>\$8,633,639.30</b>	

**Yield Statistics**

Bond Year Dollars	\$70,662.33
Average Life	11.270 Years
Average Coupon	3.3449777%

Net Interest Cost (NIC)	3.3571171%
True Interest Cost (TIC)	3.3224528%
Bond Yield for Arbitrage Purposes	3.2168848%
All Inclusive Cost (AIC)	3.4894494%

IRS Form 8038	
Net Interest Cost	3.2011333%
Weighted Average Maturity	11.124 Years

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**Raymond James I Morgan Keegan**

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