

# Hardin County Water District No. 1

*Serving Radcliff and Hardin County for Over 50 Years*

1400 Rogersville Road  
Radcliff, KY. 40160

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March 13, 2008

Ms. Beth O'Donnell  
Executive Director - Kentucky Public Service Commission  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, KY 40620-0615

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MAR 13 2008

PUBLIC SERVICE  
COMMISSION

**SUBJECT: Response to Letter of Deficiencies - Case 2008-00074  
Letter Dated March 6, 2008**

Dear Director O'Donnell,

In response to the above case and deficiency letter, we are providing 10 copies of the enclosed information;

807 KAR 5:001 Section 11(1)(a) - Statement of original cost of applicant's property (The applicant has filed a complete water fixed asset depreciation schedule with rate case 2006-00410. Its Ft. Knox sanitary and storm sewer assets and property were transferred to the District for \$1 each in 2005. See case no. 2004-00422. The new Radcliff sanitary sewer system assets will also be transferred to the District for \$1).

807 KAR 5:001 Section 6(4) Not Applicable (The applicant does not have any current mortgages)

807 KAR 5:001 Section 6(5) Current Bond information is provided as attached

807 KAR 5:001 Section 6(7) Not Applicable (The applicant has no other indebtedness)

In addition to this information, the District also submits;

1. Request for Deviation: The District (applicant) also requests a deviation from 807 KAR 5:001, Section 6, which requires that the applicant file financial exhibits covering the previous 12 months of operations, which information is no more than 90 days old prior to the filing date. The District is still preparing its year end, 2007 financial report and audit, and this information is not yet available. The most recent, audited, financial information would be from fiscal year 2006. The District submits that this information should still be relied on when reviewing or considering its existing bonds, and requests deviation to use the 2006 information as the latest financial information available. The District has submitted its 2006 Annual Financial Report to the Commission, which should be on record.

2. KIA Debt Assumption Approval: On March 6, 2007, the Board of the Kentucky Infrastructure voted to approve the District assuming the City's A97-03 revolving loan and present an Assumption Agreement to the District (See paragraph 7 with original application). The approval is contingent on PSC approval of the system transfer, and the District fully funding the replacement fund, which requires one additional

Ms. Beth O'Donnell

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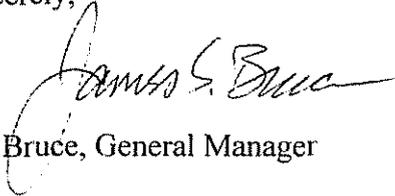
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deposit of about \$30,000. As soon as the District receives the agreement and letter of approval, which is expected at any day, it will be forwarded to the Commission as part of this case record.

3. Revised Tariff Effective Date: We are also re-filing our proposed tariff with an effective date of April 13, 2008. The District also modified Sheet 5-41, Section 17-21, to strike a higher tap processing fee for outside City customers, to there is no distinction in the fee between an inside City or outside. We have continued to meet with the effected employees, and Veolia has made employment offers to each. Several factors are date sensitive, including retirement applications for some employees. We still request that the PSC provide an expedited review, with an approval date of April 13, so that the employees can proceed with their new employment plans, and do not have to re-apply or renew pre-employment information with Veolia.

Sincerely,



Jim Bruce, General Manager

Cf; Mr. David Wilson II, HCWD1 Attorney  
Mr. David Spenard, esq, Assistant Attorney General, Consumer Protection Division

Encl. Revised Tariff  
Certification of Service & Verification

# Table of Outstanding Bonds - HCWD1

Response to Filing Deficiency Letter - Case 2008-00074  
 807 KAR 5:0011, Section 6(5)

| <u>98 Fixed Rate</u> | <u>02 Variable Rate</u> | <u>05 Fixed Rate</u> |                                       |
|----------------------|-------------------------|----------------------|---------------------------------------|
| \$3,950,000          | \$4,510,000             | \$6,860,000          | Amount Authorized                     |
| \$3,950,000          | \$4,510,000             | \$6,860,000          | Amount Issued                         |
| \$1,580,613          | \$3,870,000             | \$6,655,000          | Current Balance (12/31/07)            |
| Dec 1, 1998          | Sept 1, 2002            | June 15, 2005        | Date of Issue                         |
| Sept 1, 2012         | Sept 1, 2022            | Sept 1, 2025         | Date of Maturity (Final Payment)      |
| Tax Exmp / Rev       | Tax Exmp / Unsec        | Tax Exmp / Rev       | Class Issued                          |
| Water Revenues       | LOC (Ref 1)             | Water Revenues       | How Secured                           |
| \$104,388            | \$189,950               | \$280,294            | Interest Paid Last Fiscal Year (2007) |
| HCWD1                | HCWD1                   | HCWD1                | Name of Issuing Utility               |

- NOTES: 1 Variable rate bonds secured by Letter of Credit with JP Morgan Chase Bank  
 2 Fixed Rate bonds require monthly sinking fund deposits for upcoming P&I payments  
 3 Fixed Rate bonds require funding Debt Service Reserve fund equal to avg annual future debt service  
 4 Fixed Rate bonds require funding Depreciation Fund = \$750,000  
 5 Fixed Rate bonds require maintaining O&M and Revenue Funds  
 6 Fixed Rate bonds require maintaining 1.20 debt coverage ratio (VR bonds do not)  
 7. The District does not have any other outstanding mortgages, notes or other indebtedness

**VERIFICATION**

The undersigned, Mr. James S. Bruce, General Manager of the Hardin County Water District No 1, hereby verifies that he has personal knowledge of the matters set forth in the enclosed Response to Deficiencies, Case No. 2008-00074, and that he is duly designated by the Board of Commissioners of the Hardin County Water District No. 1 to sign and submit this information its behalf.

HARDIN COUNTY WATER DISTRICT No. 1

By James S. Bruce  
JAMES S. BRUCE, GENERAL MANAGER

**CERTIFICATION OF SERVICE**

The undersigned, Mr. David T. Wilson II, attorney for the Hardin County Water District No. 1, hereby verifies that the foregoing was served on Ms. Beth O'Donnell, Executive Director, Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, KY. 40601-8204 and on the Attorney General, Mr. Jack Conway, ATTENTION Mr. David Spenard, esq., 1024 Capitol Center Drive, Frankfort, KY, 40601 on this 13<sup>TH</sup> Day of March, 2008

HARDIN COUNTY WATER DISTRICT No. 1

By James S. Bruce  
JAMES S. BRUCE, GENERAL MANAGER

STATE OF KENTUCKY  
COUNTY OF HARDIN

I, the undersigned, a Notary Public, do hereby certify that on this 13<sup>th</sup> day of March 2008, personally appeared before me, James S. Bruce who being by me first sworn, subscribed to and acknowledged that they both represent the Hardin County Water District No. 1, a Kentucky Corporation, that they have signed the foregoing document as General Manager and Attorney of the Corporation

Aaron B. Pyles  
NOTARY PUBLIC, STATE OF KENTUCKY

My Commission Expires, October 30, 2008

