

COMMONWEALTH OF KENTUCKY
BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of

APPLICATION OF KENTON COUNTY WATER)
DISTRICT NO. 1 TO ISSUE REVENUE)
BONDS IN THE AMOUNT OF \$15,000,000;)
TO CONSTRUCT ADDITIONAL PLANT FACI-) CASE NO. 7794
LITIES: AND NOTICE OF ADJUSTMENT)
OF RATES ON APRIL 21, 1980)

O R D E R


IT IS ORDERED That Kenton County Water District No. 1 shall file an original and twelve (12) copies of the following information with the Commission (with a copy to all Intervenors) by May 23, 1980:

1. In relation to proposed \$15,000,000 bond issue, what is the amount of the required monthly payments to the Bond and Interest Sinking Fund? What are the monthly and yearly payments required to fully fund the Bond and Interest Sinking Fund and what is the total amount of the account when fully funded? Provide calculations showing how these amounts were determined with interest and principal being shown separately.
2. In relation to the proposed \$15,000,000 bond issue, what are the monthly payments to the Debt Service Reserve Fund? What are the monthly and yearly payments required to fully fund this account and what is the total amount of the fund when fully funded? Provide calculations showing how these amounts were determined with interest and principal being shown separately.
3. Provide computations showing how the Debt Service Reserve Fund of \$1,600,000 indicated in Exhibit 15 of the Application was determined. Will this amount fully fund Debt Service Reserve Fund?
4. Is the \$1,045,437 in the present Water Revenue Reserve Fund to be applied against the overall bond requirement of the proposed \$15,000,000 issue? If not, how is this money to be used?
5. In Exhibit 15 of the Application, you ask for \$3,480,000 to defease the District and Covington Water Bonds, what is meant by the term "defeasement"?
6. In the Summary of the Indenture for the proposed bond issue of \$15,000,000 the District proposes to refund the outstanding Kenton County and Covington water bonds, what is meant by the term "refund"?
7. Why is it necessary to defease the Kenton County and Covington water bonds?
8. Have you tried to negotiate the proposed bond issue without defeasing the present bond issue? What were the results?

9. Provide a cost analysis showing the Debt Service Cost to the District after issuance of new bonds assuming the outstanding Kenton County and Covington bonds (1) are defeased (2) are not defeased and the \$3,480,000 of new bonds are not issued.
10. Is the \$3,480,000 for the defeasement of bonds to be invested? How and at what approximate rate of interest? Are there any restrictions on the interest earned by the investment, if yes explain the necessity for the restrictions.
11. Has a date for the bond rating been set? Provide the expected rating with and without defeasement of the outstanding Kenton County and Covington bonds.
12. Provide a copy of the preliminary prospectus for the proposed bond issue.
13. Provide the calculations for the known actual increases in operating expenses included in the Proforma adjustments shown in Exhibit 10 of the Application.
14. In Exhibit 7 of the Application, the proposed rate for some wholesale customers is .45 per 100 cubic feet and .48 for others. How did you determine the different rates? Provide any detailed cost analysis which you have relied on in arriving at these rates.
15. Have you advertised for bids for the \$7,000,000 of proposed construction? When do you expect to receive the bids?
16. Have any bids been accepted and contracts awarded? If so, to whom? Provide a copy of the contract.
17. When is the \$7,000,000 of proposed construction to start? When will it be finished?
18. When will the \$3,290,000 of construction already in progress be completed? Who is doing the work? Are District employees doing any of the construction, if yes, what percentage of work is being done by District employees?

Done at Frankfort, Kentucky, this 16th day of May, 1980.

UTILITY REGULATORY COMMISSION


For the Commission

ATTEST:

Secretary