

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HENDERSON COUNTY )  
WATER DISTRICT, HENDERSON AND WEBSTER )  
COUNTIES, KENTUCKY, FOR AUTHORITY TO ) CASE NO. 89-095  
ISSUE CERTAIN SECURITIES AS REQUIRED )  
BY KRS 278.300 )

O R D E R

IT IS ORDERED that Henderson County Water District ("Henderson") shall file the original and eight copies of the following information with the Commission, with a copy to all parties of record, by May 5, 1989. Careful attention should be given to copied material to ensure that it is legible. If the information cannot be provided by this date, Henderson should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission

1. Provide a schedule showing the uses of all the proceeds from the proposed bond issuance plus any additional required funds for refunding the existing Farmers Home Administration ("FmHA") debt.

2. Submit a copy of FmHA's proposal to retire its debt.

3. With reference to Exhibit A, please provide the following:

a. Explain the difference between the "tax-exempt" and "taxable" columns.

b. Explain how the \$137,150 net present value savings was determined. It appears the discount factor used was 7.75 percent instead of 10.50 percent.

c. When computing the present value, why is the \$967,814 or \$886,400 net savings assumed to be received at the end of the 25 year period?

d. Why was a 7.75 percent and a 10.5 percent discount rate chosen for calculating present value under the tax exempt and taxable scenarios, respectively?

4. Provide an amortization schedule of the existing FMHA debt.

5. Provide a copy of the existing and proposed bond ordinances.

6. What are the reserve fund requirements under the existing FMHA debt and the proposed bond issuance?

7. Submit a comparison of the existing and proposed bond ordinances indicating all differences.

8. Show in detail the calculations used to determine the net savings and the net present value savings.

9. What is the current balance of any FMHA debt service reserves, and at what interest rate are these funds being invested?

10. Will the new bond issuance require any debt service reserves? If so, please provide all requirements including how the reserves will be funded initially.

Done at Frankfort, Kentucky, this 2nd day of May, 1989.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

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Executive Director