

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|---------------------------------------|---|----------|
| THE APPLICATION OF HENDERSON COUNTY |) | |
| WATER DISTRICT FOR (1) CERTIFICATE OF |) | |
| PUBLIC CONVENIENCE AND NECESSITY AND |) | CASE NO. |
| (2) AUTHORIZATION TO BORROW FUNDS AND |) | 93-311 |
| TO ISSUE ITS EVIDENCE OF INDEBTEDNESS |) | |
| THEREFOR |) | |

O R D E R

IT IS ORDERED that Henderson County Water District ("Henderson Water") shall file an original and 10 copies (two copies of engineering-related materials) of the following information with the Commission, with a copy to all parties of record within 14 days from the date of this Order. If the information cannot be provided by this date, Henderson Water should submit a motion for an extension of time stating the reason for which a delay is necessary and include a date by which the information will be furnished. Such motion will be considered by the Commission. Henderson Water shall furnish with each response the name of the witness who will be available at any public hearing to respond to questions concerning each item of information.

1. a. Provide copies of the documents which require the funding of each of the cash accounts listed on the following page.

b. Describe the transactions which are recorded in these accounts.

c. Is the use of each of these funds restricted?

d. If so, give detailed description of restrictions.

| | |
|--------------------------------------|-----------|
| Cash in bank - Debt service '89 | \$ 63,272 |
| FNB-1993 Bond Principal and Interest | 97,429 |
| KIA debt service reserve | 92,211 |
| Cash in bank - KIA debt service | 24,668 |
| Cash in bank - debt reserve | 130,580 |
| Cash in bank - FmHA reserve | 86,679 |
| Investments - CD's | 109,995 |
| Investments - Bonds | 29,711 |
| Petty cash | 200 |
| Cash in bank - Revenue | 164,013 |
| Cash in bank - O & M | 21,093 |
| Cash in bank - General | 161,574 |
| Cash in bank - Construction escrow | 20,293 |
| KIA - Construction escrow | 80,507 |

2. Could any of the funds above be used to pay for all or part of the construction proposed in this filing? If not, why?

3. a. Other than the balloon note as requested, has Henderson Water researched alternative sources or alternative debt instruments for financing the proposed construction?

b. If so, detail those alternative sources and instruments and state the reasons they were not chosen.

4. What is the benefit of obtaining a balloon note as opposed to a conventional loan?

5. In his letter dated August 20, 1993, Mr. Royster stated that the district has sufficient cash reserves to fund the loan repayment. Has Henderson Water considered funding the construction costs with its cash reserves to avoid the interest charges? Explain.

6. a. When the balloon note is due, how does Henderson Water intend to finance the balance?

b. At what rate of interest does Henderson Water anticipate the balance to be financed?

7. Provide an estimated amortization schedule for the initial balloon note. Include date of payment, total monthly payment, interest payment, principal reduction and outstanding balance.

8. KRS 322.340 states, "Plans, specifications, plats and reports approved by a registrant shall be signed and dated by the registrant and stamped with the seal when filed with public authorities." The documents in this case do not comply with this statute.

Provide appropriate documents which comply with KRS 322.340 or, in the alternative, the documents currently on file in this case may be signed, sealed and dated by the registrant.

9. KRS 323.095 states, "All working drawings, specifications and reports prepared by, or under the supervision of the individual, partnership or firm, must bear the imprint of this seal." The documents filed in this case do not comply with this statute.

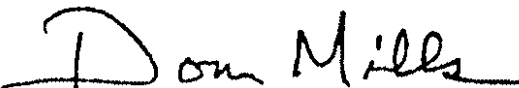
Provide appropriate documents which comply with KRS 323.095 or, in the alternative, the documents currently on file in this case may be sealed.

10. Provide correspondence or other documents from the city of Henderson Codes Administrator and the City Planner showing that the proposed construction complies with local requirements.

Done at Frankfort, Kentucky, this 12th day of October, 1993.

ATTEST:

PUBLIC SERVICE COMMISSION


Executive Director


For the Commission