



KENVIRONS

Kenvirons, Inc.

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Civil & Environmental Engineering and Laboratory Services

August 28, 2013

RECEIVED

AUG 28 2013

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

RE: Case No. **2013-00154**
Henderson County Water District

Transmitted herewith on behalf of the water district are the original and five (5) copies of the RESPONSE TO PSC ORDER dated August 27, 2013.

Transmitted herewith also is the Statement of Disclosure of Related Party Transactions, ARF Form 3 for each applicable individual per the Commission's letter dated August 20, 2013.

If there are any questions or need for additional information, please contact me at 502-695-4357.

Respectfully,

Carlos F. Miller, PE
Vice President

CFM/cag

HENDERSON COUNTY WATER DISTRICT

RECEIVED

AUG 28 2013

PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF HENDERSON COUNTY
WATER DISTRICT FOR AN
ALTERNATIVE RATE FILING

) CASE NO. 2013-00154

RESPONSE TO KENTUCKY PUBLIC SERVICE COMMISSION ORDER
DATED AUGUST 27, 2013 AND REQUEST FOR
APPROVAL OF PROPOSED RATES

RESPONSE

Henderson County Water District (HCWD) has no objections regarding the findings and recommendations contained in the Commission Staff Report.

Regarding new evidence for the Commission's consideration, there are two (2) adjustments relative to the recent Rural Development (RD) bond issues. The Commission staff did not have the actual bond maturity schedule for the \$1,695,000 Rural Development loan and used the calculated average annual debt service based on an interest rate of 3.75% for a term of 40 years. In this response, the actual bond maturity schedule (copy included in Appendix) is utilized to determine the five (5) year average for 2014-2018. Additionally, a revised Rural Development Letter of Conditions was issued per letter dated August 8, 2013 (copy included in Appendix) providing an additional \$300,000 loan to cover additional project costs. An RD letter containing the bond maturity schedule for the \$300,000 loan (copy included in Appendix) was issued August 13, 2013. The Commission staff had no knowledge of this additional loan during preparation of the report. The average debt service for the five (5) year period 2014-2018 was determined utilizing the provided bond maturity schedule. The revised 5-year average annual debt service of \$509,196 as shown in Exhibit 1 is the total of the KRWFC 2003 and 2006 bonds and the fiscal court note as shown in the Commission Report, pg. 18 plus the revised RD loans as determined in Exhibit 1. The 5-year average debt service for the two (2) RD bond issues is \$93,115 as shown in Footnote (2) in Exhibit 1. As shown in the attached RD bond schedules, the first two (2) years are interest only with bond payments beginning in the third year. Bond payments begin in 2015 for the \$1,695,000 issue and 2016 for the \$300,000 issue. During 2014 the total actual debt service for both bond issues is \$74,063. When combined with the KRWFC actual 2014 debt service of \$426,548, the total actual debt service is \$500,611 which is \$8,585 less than the 5-year average of \$509,196 as determined in Exhibit 1. If the Commission's decision will authorize HCWD to effectuate the rate adjustment

proposed in the HCWD rate filing with authorization for subsequent adjustment one year later, the proposed rate will be entirely adequate for 2014 with the Commission recommended rate becoming effective for 2015.

The total annual revenues of \$3,004,202 as shown in Exhibit 1 are predicated on water sales revenues utilizing the proposed rates as contained in the HCWD Application for Rate Adjustment submittal. The proposed rates provide 94% of the total revenue requirement and a debt service coverage of 1.74 as calculated utilizing the data contained in Exhibit 1. Additionally, the rates contained in the revised Rural Development Letter of Conditions are identical to the proposed rates contained in the HCWD Application for Rate Adjustment. It is the position of the HCWD that, in consideration of rate shock and factors presented in this response, the Commission should authorize the proposed rates as submitted in the Application for Rate Adjustment with the additional provision authorizing HCWD to adjust the rates to the Commission recommended rates one year after implementation of the proposed rates requested in this proceeding.

HCWD has no objections to the Commission's recommendations as contained in the Summary of Findings in the Staff Report regarding Depreciable Lives (Article 3) and Internal Controls (Articles 4 through 6) and agrees to:

ARTICLE 3: DEPRECIABLE LIVES.

Implement the changes in the service lives of certain HCWD assets for depreciation purposes as contained in the Commission's Report and utilize the revised lives for accounting purposes in all future reporting periods.

ARTICLE 4: INTERNAL CONTROLS – WORK ORDER SYSTEM.

Develop and adopt a work order system that complies with the requirements of the Uniform System of Accounts to account for the cost of construction projects.

ARTICLE 5: INTERNAL CONTROLS – APPROVAL OF PAY RATES FOR HCWD BOARD OF COMMISSIONERS

Provide evidence of approval from the Henderson and Webster counties Fiscal Court for the monthly salary of the members of the HCWD Board of Commissioners.

ARTICLE 6: INTERNAL CONTROLS – APPROVAL OF EMPLOYEES' SALARIES AND PAY RATES

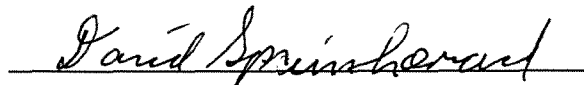
HCWD Board of Commissioners will exercise board action and document in meeting minutes the establishment of the general manager's salary as well as the pay rates for all employees. This board action and documentation will be standard procedure for all changes in salaries and/or pay rates.

HCWD respectfully requests approval of the proposed rates as contained in this Application for Rate Adjustment and authorization for subsequent adjustment to the rates recommended in the Commission's Report, one (1) year from the effective date of the rates requested herein.

HCWD requests that this matter be submitted for decision based upon the existing record without hearing. Due to the immediate need for a rate adjustment, a decision and order in this matter as soon as possible would be extremely beneficial for the continued secure financial condition of the Water District.

Respectfully Submitted,

Henderson County Water District

A handwritten signature in cursive script, reading "David Spainhoward", is written over a horizontal line.

David Spainhoward, Chairman

EXHIBIT 1

Operating & Maintenance Expenses		\$2,082,250
Taxes other than Income		36,443
Depreciation		430,590
Total (PSC Report pg. 6 & 16)		\$2,549,283
Debt Service ⁽²⁾		
\$40,766 + 374,912 + 403 + 80,299 + 12,816		\$509,196
Debt Service Coverage		
KRWFC ⁽¹⁾ \$418,816 x 0.30		\$125,645
RD ⁽²⁾ (80,299 + 12,816) 0.10		9,312
		\$134,957
Total Revenue Requirement		\$3,193,436

Debt Service Coverage		
Water Sales ⁽³⁾		\$2,988,346
Other Operating Revenues		86,395
Interest		20,045
Total Revenue		\$3,094,786
PSC Report, pg. 7		(-) 90,584
Total Revenue		\$3,004,202

DSC = $(\$3,004,202 - 2,118,693) \div \$509,196 = 1.74$

(1) The KRWFC Bond Assistance Agreement (pg. 15-16) stipulates a coverage of 1.30 over the maximum debt service which is \$418,816 in 2023.

(2) The PSC staff did not have the amortization schedule for the \$1,695,000 RD bond issue during preparation of the report. The actual average debt service for the five (5) years 2014 - 2018 is \$80,299. There is an additional \$300,000 RD loan to supplement the initial loan per RD letter dated August 13, 2013 that was unknown during preparation of the staff report. The average debt service for the supplemental loan for the same period 2014 – 2018 is \$12,816.

RD Bond Issue	2014	2015	2016	2017	2018	Average
\$1,695,000	63,563	84,563	84,275	84,469	84,625	\$80,299
\$300,000	10,500	10,500	14,500	14,360	14,220	\$12,816

(3) Water sales revenue calculation utilizing proposed rates and billing analysis provided by Commission staff is included in Appendix.

5/8" x 3/4" meters	\$2,805,844
1" meters	162,302
2" meters	20,200
Total	\$2,988,346

APPENDIX

**APPENDIX TO THE RESPONSE OF HENDERSON COUNTY
WATER DISTRICT IN KENTUCKY
PUBLIC SERVICE COMMISSION CASE NO. 2013-00154
DATED AUGUST 26, 2013**

Revenue from _____ /Proposed Rates
 Test Period from 01-01-12 to 12-31-12

USAGE TABLE
Usage by Rate Increment

Class: 5/8" x 3/4" Meter

(1)	(2) Bills	(3) Gallons/Mcf	(4)	(5)	(6)	(7)	(8)	(9) Total
Totals								

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 2,000	71988	152,710	17.38	1,251,151
Next 8,000		215,390	6.13	1,320,341
Next 20,000		34,368	5.63	193,492
Over 30,000		7,965	5.13	40,860
Totals				2,805,844

Instructions for Completing Revenue Table:

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No. 4 using rates either present or proposed.
- (11) Column No. 5 is completed by first multiplying the bills times the minimum charge. Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

Revenue from _____ /Proposed Rates
 Test Period from 01-01-12 to 12-31-12

USAGE TABLE
Usage by Rate Increment

Class: 1" Meter

(1)	(2) Bills	(3) Gallons/Mcf	(4)	(5)	(6)	(7)	(8)	(9) Total
Totals								

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 5,000	2388	9,865	35.77	85,419
Next 5,000		3,792	6.13	20,061
Next 20,000		4,562	5.63	25,684
Over 30,000		5,485	5.13	28,138
Totals				162,302

Instructions for Completing Revenue Table:

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No. 4 using rates either present or proposed.
- (11) Column No. 5 is completed by first multiplying the bills times the minimum charge. Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

Revenue from _____ /Proposed Rates
 Test Period from 01-01-12 to 12-31-12

USAGE TABLE
Usage by Rate Increment

Class: 2" Meter

(1)	(2) Bills	(3) Gallons/Mcf	(4)	(5)	(6)	(7)	(8)	(9) Total
Totals								

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 16,000	108	1,896	100.20	10,822
Next 14,000		669	5.63	3,766
Over 30,000		1,094	5.13	5,612
Totals				20,200

Instructions for Completing Revenue Table:

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No. 4 using rates either present or proposed.
- (11) Column No. 5 is completed by first multiplying the bills times the minimum charge. Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.



United States Department of Agriculture

Rural Development

August 13, 2013

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

Rubin & Hays
W. Randall Jones
450 South Third Street, Ste 300
Louisville, KY 40202

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

Re: Henderson County Water District
\$300,000 Amendment Bond Issue

Dear Mr. Jones:

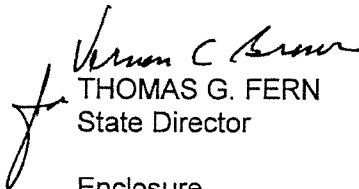
We are enclosing the Maturity Schedule for the referenced Bond Issue. The required revised deposits to the Funded Depreciation Reserve Account are \$825 per month with a required revised level of \$99,000. The Rural Development subsequent loan of \$300,000 was approved at an interest rate of 3.50%.

We are attempting to obtain the Regional Attorney's Closing Instructions at an earlier date in an effort to avoid delays in scheduling bond sales and pre-closing. Hopefully, you will be able to draft the bond authorizing documents at such a time to coincide with the Advertisement for Construction Bids. We plan to request Closing Instructions at the same time we authorize the District to advertise for construction bids.

Please provide this office with one copy of the proposed documents and forward one copy to the Rural Development Area Office.

Please let us know if you have any questions.

Sincerely,


THOMAS G. FERN
State Director

Enclosure

cc: Area Director - Madisonville, Kentucky
HDR - Lexington, Kentucky

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If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.



United States Department of Agriculture
CPAP - Community Program Application Processing



CPAP - Bond Schedule Detail

Name of Borrower: Henderson County Water District			
Amount of Loan	300000	Annual Interest Rate	0.035
Number of Initial Interest Only Payments	2	Number of principal and/or Interest Payments	40
Payment Frequency	Annual	This is a split payment bond.	No
Principal Payment Units	500	Interest Payment Units.	1

Year	Period	Number	Payment	Interest	Principal	Balance
2014	1	1	10500	10500	0	300000
2015	1	2	10500	10500	0	300000
2016	1	3	14500	10500	4000	296000
2017	1	4	14360	10360	4000	292000
2018	1	5	14220	10220	4000	288000
2019	1	6	14580	10080	4500	283500
2020	1	7	14422	9922	4500	279000
2021	1	8	14265	9765	4500	274500
2022	1	9	14607	9607	5000	269500
2023	1	10	14432	9432	5000	264500
2024	1	11	14257	9257	5000	259500
2025	1	12	14582	9082	5500	254000
2026	1	13	14390	8890	5500	248500
2027	1	14	14197	8697	5500	243000
2028	1	15	14505	8505	6000	237000
2029	1	16	14295	8295	6000	231000
2030	1	17	14585	8085	6500	224500
2031	1	18	14357	7857	6500	218000
2032	1	19	14630	7630	7000	211000
2033	1	20	14385	7385	7000	204000
2034	1	21	14640	7140	7500	196500
2035	1	22	14377	6877	7500	189000
2036	1	23	14615	6615	8000	181000
2037	1	24	14335	6335	8000	173000
2038	1	25	14555	6055	8500	164500
2039	1	26	14257	5757	8500	156000
2040	1	27	14460	5460	9000	147000
2041	1	28	14645	5145	9500	137500
2042	1	29	14312	4812	9500	128000
2043	1	30	14480	4480	10000	118000
2044	1	31	14630	4130	10500	107500
2045	1	32	14262	3762	10500	97000
2046	1	33	14395	3395	11000	86000
2047	1	34	14510	3010	11500	74500
2048	1	35	14607	2607	12000	62500
2049	1	36	14187	2187	12000	50500
2050	1	37	14267	1767	12500	38000
2051	1	38	14330	1330	13000	25000
2052	1	39	14375	875	13500	11500
2053	1	40	11902	402	11500	0
TOTALS			\$566,710.00	\$266,710.00	\$300,000.00	

Warning: This schedule is an estimate of payments. Rural Development calculates interest amounts and principle reduction as of the date the payment is processed. Because over the life of the loan payments will be processed on dates other than the due date, the actual interest amounts and principle reduction will not match the schedule provided here.

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Rural Development

August 8, 2013

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

David Spainhoward, Chairman
Henderson County Water District
PO Box 655
Henderson, Kentucky 42420

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

Re: Letter of Conditions Dated December 16, 2010

Dear Mr. Spainhoward:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated December 16, 2010. The purpose of this amendment is to revise project costs to account for additional materials and unforeseen construction issues, as well as to account for several non-construction items that exceeded budgetary amounts. Overall, the total project cost has increased by \$300,000 and this amendment will provide for the additional \$300,000 RUS loan to pay for these increased expenses.

The Second Paragraph on Page 1 is revised to read as follows:

"This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$1,995,000 and an local (county) cash contribution of \$33,345. "

Paragraph numbered "5" is revised to read as follows:

" 5. Reserve Accounts:

Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance, pay for repairs, and assist with debt service should the need arise.

The District will be required to deposit \$825 per month into a "Funded Debt Reserve Account" until the account reaches \$99,000. The deposits are to be resumed any time the account falls below the 99,000.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the District's prior bond ordinances.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

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The District also needs to fund an account for short-lived assets by depositing a sum of \$1,090 monthly into the account. The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District's water system. "

Paragraph numbered "12" is revised to read as follows:

" 12. Insurance and Bonding:

The following insurance and bonding will be required:

- C. Fidelity Bond – The 99,000 will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$99,000. "

Paragraph numbered "23" is revised to read as follows:

" 23. Cost of Facility:

Breakdown of Costs:

Development	\$ 1,716,000
Land and Rights	29,000
Legal and Administrative	35,000
Engineering	183,345
Interest	35,000
Contingencies	<u>30,000</u>
TOTAL	\$ 2,028,345

Financing:

RUS Loan	\$ 1,995,00
Local Contribution	<u>33,345</u>
TOTAL	\$ 2,028,345 "

Paragraph numbered "24" is revised to read as follows:

" 24. Rates and Charges:

Rates and charges for facilities and services rendered by the* must be at least adequate to meet cost of maintaining, repairing and operating the * system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

3/8" x 3/4" Meter:

First	2,000	gallons @ \$	17.38. - Minimum Bill.
Next	8,000	gallons @ \$	6.13. - per 1,000 gallons.
Next	20,000	gallons @ \$	5.63. - per 1,000 gallons.
All Over	30,000	gallons @ \$	5.13. - per 1,000 gallons.

1" Meter:

First	5,000	gallons @ \$	35.77. - Minimum Bill.
Next	5,000	gallons @ \$	6.13. - per 1,000 gallons.
Next	20,000	gallons @ \$	5.63. - per 1,000 gallons.
All Over	30,000	gallons @ \$	5.13. - per 1,000 gallons.

2" Meter:

First	16,000	gallons @ \$	100.02. - Minimum Bill.
Next	14,000	gallons @ \$	5.63. - per 1,000 gallons.
All Over	30,000	gallons @ \$	5.13. - per 1,000 gallons.

3" Meter:

First	30,000	gallons @ \$	179.02. - Minimum Bill.
All Over	30,000	gallons @ \$	5.13. - per 1,000 gallons.

4" Meter:

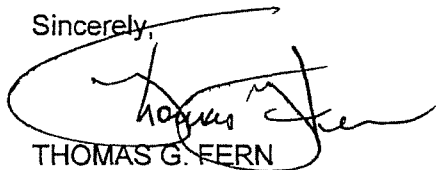
First	50,000	gallons @ \$	281.62. - Minimum Bill.
All Over	50,000	gallons @ \$	5.13. - per 1,000 gallons.

6" Meter:

First	100,000	gallons @ \$	538.12. - Minimum Bill.
All Over	100,000	gallons @ \$	5.13. - per 1,000 gallons. "

All other provisions of the referenced Letter of Conditions remain in full force and unchanged.

Sincerely,



THOMAS G. FERN
State Director

- cc: Area Director - Madisonville, Kentucky
- Green River ADD - Owensboro, Kentucky
- Rubin & Hays - Louisville, Kentucky
- Frank King - Henderson, Kentucky
- HDR Engineers - Lexington, Kentucky



United States Department of Agriculture
Rural Development
Kentucky State Office

April 24, 2012

Rubin & Hays
Attn: W. Randall Jones
450 South Third Street, Ste 300
Louisville, KY 40202

Re: Henderson County Water District
\$1,695,000 Bond Issue

Dear Mr. Jones:

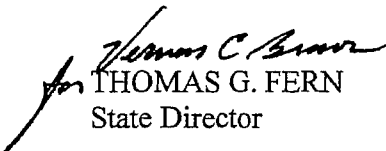
We are enclosing the Maturity Schedule for the referenced Bond Issue. The required deposits to the Funded Depreciation Reserve Account are \$705 per month with a required level of \$84,600. The Rural Development loan of \$1,695,000 was approved at an interest rate of 3.75%.

We are attempting to obtain the Regional Attorney's Closing Instructions at an earlier date in an effort to avoid delays in scheduling bond sales and pre-closing. Hopefully, you will be able to draft the bond authorizing documents at such a time to coincide with the Advertisement for Construction Bids. We plan to request Closing Instructions at the same time we authorize the District to advertise for construction bids.

Please provide this office with one copy of the proposed documents and forward one copy to the Rural Development Area Office.

Please let us know if you have any questions.

Sincerely,


THOMAS G. FERN
State Director

Enclosure

cc: Area Director - Madisonville, Kentucky
HDR - Lexington, Kentucky

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7336 • Fax: (859) 224-7344 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

Committed to the future of rural communities.

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To file a complaint of discrimination write USDA, Director, Office of Civil Rights,
1400 Independence Avenue, SW, Washington, DC 20250-9410
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

BOND SCHEDULE, 4/23/2012

Name of Borrower: Henderson County Water District			
Amount of Loan	1695000	Annual Interest Rate	0.0375
Number of Initial Interest Only Payments	2	Number of principal and/or Interest Payments	40
Payment Frequency	Annual	This is a split payment bond.	false
Principal Payment Units	500	Interest Payment Units	1

YEAR	PERIOD	NUMBER	PAYMENT	INTEREST	PRINCIPAL	BALANCE
2013	1	1	63563	63563	0	1695000
2014	1	2	63563	63563	0	1695000
2015	1	3	84563	63563	21000	1674000
2016	1	4	84275	62775	21500	1652500
2017	1	5	84469	61969	22500	1630000
2018	1	6	84625	61125	23500	1606500
2019	1	7	84244	60244	24000	1582500
2020	1	8	84344	59344	25000	1557500
2021	1	9	84407	58407	26000	1531500
2022	1	10	84432	57432	27000	1504500
2023	1	11	84419	56419	28000	1476500
2024	1	12	84369	55369	29000	1447500
2025	1	13	84282	54282	30000	1417500
2026	1	14	84657	53157	31500	1386000
2027	1	15	84475	51975	32500	1353500
2028	1	16	84257	50757	33500	1320000
2029	1	17	84500	49500	35000	1285000
2030	1	18	84188	48188	36000	1249000
2031	1	19	84338	46838	37500	1211500
2032	1	20	84432	45432	39000	1172500
2033	1	21	84469	43969	40500	1132000
2034	1	22	84450	42450	42000	1090000
2035	1	23	84375	40875	43500	1046500
2036	1	24	84244	39244	45000	1001500
2037	1	25	84557	37557	47000	954500
2038	1	26	84294	35794	48500	906000
2039	1	27	84475	33975	50500	855500
2040	1	28	84582	32082	52500	803000
2041	1	29	84613	30113	54500	748500
2042	1	30	84569	28069	56500	692000
2043	1	31	84450	25950	58500	633500
2044	1	32	84257	23757	60500	573000
2045	1	33	84488	21488	63000	510000
2046	1	34	84625	19125	65500	444500
2047	1	35	84169	16669	67500	377000
2048	1	36	84638	14138	70500	306500
2049	1	37	84494	11494	73000	233500
2050	1	38	84257	8757	75500	158000
2051	1	39	84425	5925	78500	79500
2052	1	40	82482	2982	79500	0
TOTALS			3333315	1638315	1695000	

Warning: This schedule is an estimate of payments. Rural Development calculates interest amounts and principle reduction as of the date the payment is processed. Because over the life of the loan payments will be processed on dates other than the due date, the actual interest amounts and principle reduction will not match the schedule provided here.



Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Linda Breathitt
Commissioner

August 20, 2013

RECEIVED

AUG 28 2013

**PUBLIC SERVICE
COMMISSION**

Carlos F Miller, Vice President
Kenvirons, Inc.
452 Versailles Road
Frankfort, Kentucky 40602

Re: Case No. 2013-00154
Henderson County Water District

Dear Mr. Miller:

The Statement of Disclosure of Related Party Transactions, ARF Form 3, was not included with the application filed by Henderson County Water District on April 18, 2013. Under 807 KAR 5:076, Section 4(1)(h), an ARF Form 3 must be completed by each member of the board of commissioners or board of directors; each person who has an ownership interest of ten percent or more in the utility, and the utility's chief executive officer. A copy of the ARF Form 3 is attached for your convenience. Please have the required personnel complete the ARF Form 3 and return the form to the Public Service Commission no later than August 30, 2013. Be sure the notary section of each form is completed.

Any questions regarding the ARF Form 3 should be directed to Ann Ramser, Staff Attorney, at (502) 782-2585.

Sincerely,

Jeff Derouen
Executive Director

AR/kar
Enclosure

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the Information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between June 2011 - May 2013 ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.

Kenny W Rideout
(Print Name)

Kenny W Rideout
(Signed)

BOARD MEMBER
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Henderson

Subscribed and sworn to before me by Kenny W. Rideout
(Name)

this 23rd day of August, 20 13.

Jennifer S. Wood (now Bell)
NOTARY PUBLIC
State-at-Large Exp. 1-14-14

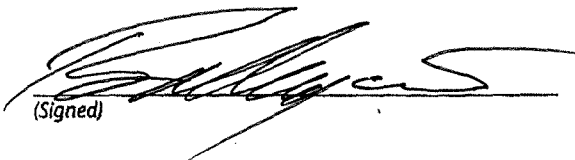
**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.

Bobby YATES
(Print Name)


(Signed)

member.
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Henderson

Subscribed and sworn to before me by Robby Yates
(Name)

this 23rd day of August, 2013.

Jennifer S. Wood (now Bell)
NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between June 2011 - May 2013 ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
Louis E. Moore (Brother)	Cooked hams Christmas 2 yrs	2,015.00

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.

David W. Moore
(Print Name)

David W. Moore
(Signed)

Superintendent
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Henderson

Subscribed and sworn to before me by David W. Moore
(Name)

this 22nd day of AUGUST, 2013.

Jennifer S. Wood (now Baele)
NOTARY PUBLIC
State-at-Large
Exp. 1-14-14

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the Information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between JUNE 2011 - MAY 2013 ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

Check this box if the Utility has no related party transactions.

Check box if additional transactions are listed on the supplemental page.

LUTHER M. SKAGGS
(Print Name)

Luther M. Skaggs
(Signed)

Board Commissioner
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Henderson

Subscribed and sworn to before me by Luther M. Skaggs
(Name)

this 22 day of August, 2013.

Bridget A. Grish
NOTARY PUBLIC
State-at-Large
Exp: 2-13-2016

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between June 2011 - May 2013 ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
Best One Tire owner	Tires + Service Work	10,694.67

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.

BRIAN Pritchett
(Print Name)


(Signature)

SECRETARY
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Henderson

Subscribed and sworn to before me by Brian Pritchett
(Name)

this 22nd day of August, 2013.

Jennifer J. Wood (now Bae)
NOTARY PUBLIC
State at-Large
Exp. 1-14-14

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the Information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between June 2011 - May 2013 ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

Check this box if the Utility has no related party transactions.

Check box if additional transactions are listed on the supplemental page.

David Spainbender
(Print Name)

David Spainbender
(Signed)

chairman
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Henderson

Subscribed and sworn to before me by David Spainhowerd
(Name)

this 27 day of August, 2013.

Brittney A. Grish
NOTARY PUBLIC
State-at-Large
exp: 2-13-2016