

DORSEY, GRAY, NORMENT & HOPGOOD

ATTORNEYS-AT-LAW

318 SECOND STREET

HENDERSON, KENTUCKY 42420

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November 18, 2014

Mr. Jeff DeRouen
Executive Director
Public Service Commission of Kentucky
Post Office Box 615
Frankfort, Kentucky 40602

RECEIVED

NOV 20 2014

PUBLIC SERVICE
COMMISSION

Re: Henderson County Water District
Application for Certificate of Public
Convenience and Necessity and
Approval of Financing

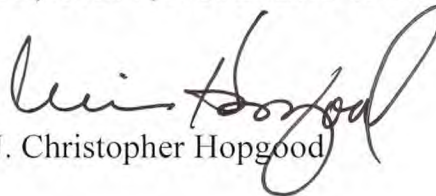
Dear Mr. DeRouen

Enclosed you will find the original and 10 copies of the above
application.

Very truly yours,

DORSEY, GRAY, NORMENT & HOPGOOD

By


J. Christopher Hopgood

JCH/cds

Encls.

COPY/w/encls.: Mr. Pete Conrad

RECEIVED

NOV 20 2014

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

Before the Public Service Commission

In the Matter of:

**THE APPLICATION OF HENDERSON COUNTY)
WATER DISTRICT FOR CERTIFICATE OF) CASE NO. 2014-_____
PUBLIC CONVENIENCE AND NECESSITY)
AND APPROVAL OF FINANCING)**

APPLICATION

The application of **HENDERSON COUNTY WATER DISTRICT** respectfully shows:

(a) Applicant is a water district of Henderson and Webster Counties, Kentucky, created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes, pursuant to a judgment of the County Court of Henderson County, Kentucky, duly entered on February 19, 1965. The borders of said Water District have been extended to include additional territories in Henderson County by order of Henderson County Court entered February 8, 1966, and in Webster County by order of the Webster County Court entered on February 14, 1966. Such judgment and order were previously filed with the Commission in Case No. 4696.

(b) The post office address of the applicant is Henderson County Water District, Post Office Box 655, Henderson, Kentucky 42419.

(c) Applicant proposes to purchase and install 1,900 new radio frequency meters compatible with the existing radio frequency system. These improvements are necessary for a uniform and modern metering system. 807 KAR 5:001 Section 9(2)(a).

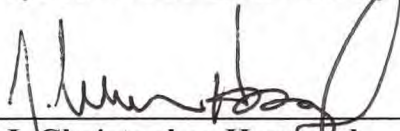
(d) The Henderson County Water District solicited bids for its initial set of radio frequency meters on September 30, 2013. Neptune Equipment Company (now "NECO") was awarded the bid and subsequent to that time has been the only bidder for these meters. The purchase price for each meter is \$175.20, and the bid price is good through September 30, 2015. (See testimony of Peter Conrad attached as "Exhibit A.")

(e) The \$350,000.00 meter purchase will be funded with a loan from Old National Bank, 301 Second Street, Henderson, KY, with interest at 3.25% payable over 10 years. The monthly payment of \$3,421.00 principal and interest will not result in a need for an immediate rate increase. Old National Bank's 3.25% rate is lower than the 3.665% rate offered by Rural Water. (See attached "Exhibit B.") Applicant seeks approval of the proposed financing pursuant to KRS 278.300.

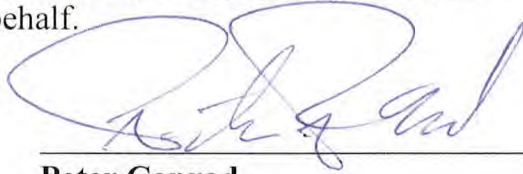
(f) After the proposed facilities are complete the estimated cost of operation will be consistent with the average system costs presently incurred. An adjustment in rates will not be required. 807 KAR 5:001 Section 9(2)(f).

WHEREFORE, applicant asks that the Public Service Commission of the Commonwealth of Kentucky grant a certificate of public convenience and necessity for the purchase of 1,900 new radio frequency meters, for approval of the proposed financing, and that it be afforded all proper relief.

DORSEY, GRAY, NORMENT & HOPGOOD
318 Second Street
Henderson, Kentucky 42420
Telephone (270) 826-3965
Telefax (270) 826-6672
Attorneys for Henderson County Water District

By 
J. Christopher Hopgood
chopgood@dkgnlaw.com

The undersigned, **PETER CONRAD**, Superintendent of the **HENDERSON COUNTY WATER DISTRICT**, hereby verifies that he has personal knowledge of the matters set forth in the above stated application, that the information set forth therein is true and correct and that he is duly designated by Henderson County Water District to sign this application on its behalf.



Peter Conrad

STATE OF KENTUCKY

COUNTY OF HENDERSON

Subscribed and sworn to before me by **PETER CONRAD**,
SUPERINTENDENT OF HENDERSON COUNTY WATER DISTRICT this
18 day of November, 2014.

My commission expires November 1st 2017


Notary Public, State of Kentucky at Large

(seal)

1 COMMONWEALTH OF KENTUCKY

2
3 Before the Public Service Commission

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8 In the Matter of:

9
10 THE APPLICATION OF HENDERSON COUNTY)
11 WATER DISTRICT FOR CERTIFICATE OF) CASE NO. 2014-_____
12 PUBLIC CONVENIENCE AND NECESSITY)
13 AND APPROVAL OF FINANCING)

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15
16 TESTIMONY OF PETER CONRAD

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18
19 Q1. Please state your name and position with the Henderson County Water District.

20 A. Peter Conrad, Superintendent of the Henderson County Water District (“HCWD”).

21 Q2. What is your educational background?

22 A. I have a degree in History with a Minor in Political Science from the University of
23 Southern Illinois, Carbondale.

24 Q3. What is your work experience?

25 A. I have been Superintendent of the HCWD since August 20, 2013. Prior to that I
26 worked for the Green River Area Development District, Owensboro, KY, as the
27 Infrastructure Planner; I held that position from June 2, 2009, until starting at
28 HCWD. Prior to attending college, I worked installing cable television, telephone
29 and natural gas lines for five (5) years.

30 Q4. Have you previously submitted testimony to the Kentucky Public Service
31 Commission?



- 1 A. No.
- 2 Q5. What is the HCWD requesting in this case?
- 3 A. For a Certificate of Public Convenience and Necessity to acquire 1,900 radio
4 frequency meters at a cost of \$175.20 per meter, to be funded with a 10 year lloan
5 from Old National Bank with an interest rate of 3.25%.
- 6 Q6. When will the meter purchases be made?
- 7 A. The bid price is good through September 30, 2015, and all 1900 meters will be
8 purchased by then.
- 9 Q7. Why is the HCWD using Old National Bank instead of seeking funding through
10 Rural Water?
- 11 A. Old National Bank has a better interest rate than 3.665% rate available at Rural
12 Water.
- 13 Q8. Was the meter purchase publicly bid and advertised?
- 14 A. Yes. Neptune Equipment Co. (now NECO) was the only bidder.
- 15 Q9. Why is HCWD using radio frequency meters?
- 16 A. They are more cost effective to read and provide us with a more efficient system.
- 17 Q10. Does this conclude your testimony?
- 18 A. Yes.

19 **VERIFICATION**

20 I hereby verify that the foregoing responses are true and correct
21 to the best of my knowledge and belief.



PETER CONRAD

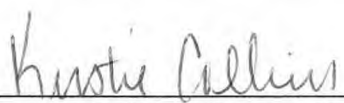
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STATE OF KENTUCKY

COUNTY OF HENDERSON

Subscribed and sworn to before me by PETER CONRAD, this
18 day of November, 2014.

My commission expires November 1st, 2017



Notary Public, State of Kentucky at Large

(seal)



Your bank. For life.

November 12, 2014

Henderson County Water District
Attn: Pete Conrad, Superintendent
655 S. Main St.
Henderson, KY 42420

Dear Pete:

Old National Bank is pleased to let you know that the loan request for Henderson County Water District has been approved with the following terms and conditions.

Borrower: Henderson County Water District
Amount: \$350,000.00
Purpose: To assist with the purchase and installation of new water meters for Henderson County.
Maturity: 120 months
Amortization: 120 months
Interest Rate: 3.25% fixed, tax-exempt rate; this is the current fixed tax-exempt rate based off today's market rates. In order to provide an extended commitment period for up to 4 weeks, the maximum tax-exempt rate is set at 3.50%.
Payment: Approximately \$3,421/mo P&I; based off 3.25% fixed
Security: Assignment of the revenues stream of Henderson County Water District on a parity basis.
Guarantors: N/A
Fee: \$350

Conditions &/or Additional Terms:

- 1) The above interest rate is quoted as a bank-qualified tax-exempt rate. The bank will need to receive the proper bond attorney/counsel opinion that Henderson County Water District is bank-qualified tax-exempt.
- 2) The loan documentation for the loan transaction will need to be attorney prepared & reviewed, acceptable to the bank. Costs associated with attorney opinion/documentation are to be paid by the borrower.

We appreciate the opportunity to provide the above commitment to Henderson County Water District. As it is understood that this commitment has to be approved/accepted by the Public Service Commission before Henderson County Water District can accept it, the acknowledgement & acceptance period & stated rate for this commitment are being extended through December 12, 2014.

Sincerely,

Tony Krampe
Market President
Old National Bank – Henderson

CC: Chris Hopgood - Attny for Henderson County Water District

301 Second Street
P.O. Box 23
Henderson, KY 42419
T: 270.831.6800
F: 270.831.6878
www.oldnational.com

