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Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
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Michael J. Schmitt  
Chairman

Robert Cicero  
Vice Chairman

Talina R. Mathews  
Commissioner

August 24, 2018

## PARTIES OF RECORD

Re: Case No. 2018-00278

Attached is a copy of a memorandum, which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum, please do so within five days of receipt of this letter.

If you have any questions, please contact Nancy J. Vinsel, Assistant General Counsel, at 502-782-2582.

Sincerely,

A handwritten signature in blue ink that reads "Gwen R. Pinson".

Gwen R. Pinson  
Executive Director

njv

Attachment

**INTRA-AGENCY MEMORANDUM**

**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case File No. 2018-00278

**FROM:** Nancy J. Vinsel, Assistant General Counsel *njv*

**DATE:** August 24, 2018

**RE:** Informal Conference of August 23, 2018

Pursuant to Commission Staff's (Staff) Notice issued on August 23, 2018, a telephonic informal conference (IC) was conducted on August 23, 2018. Attached is a copy of the attendance roster.

The purpose of the IC was to discuss calculations and evidentiary support for the loan amount at issue in this proceeding. Counsel for McCreary County Water District (McCreary District) emailed attached schedules to Staff prior to the IC. One schedule is the original loan proposal with a nominal annual rate of 3.744 percent and the second schedule contains the revised loan proposal with a nominal annual rate of 3.945 percent. Counsel will file the exhibits into the record after the IC is completed.

Staff first asked McCreary District to confirm that the interest rate on the first annual payment is 3.901 percent. A representative of McCreary District's lender confirmed the interest rate for the first payment is 3.901 percent because the first annual payment period is 10 days less than the subsequent annual payment periods due to the anticipated closing date. In response to Staff questioning, representatives of McCreary District stated that the interest rate of 3.945 percent is locked in until September 10, 2018, and therefore changing the closing date will not change the interest rate so long as the closing date is on or before September 10, 2018.

In response to Staff questioning regarding the loan amount in Case No. 2018-00038, McCreary District representatives confirmed there was an error stating the principal amount in that application. McCreary District representatives explained that the entire loan amount was correctly stated, but that Staff could not have derived the principal and interest amount from the total amounts.

There being no further discussion, the IC was then adjourned.

Attachments

cc: Parties of Record

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MCCREARY COUNTY WATER DISTRICT MOTION )  
TO AMEND COMMISSIONS ORDER OF JUNE 28, ) CASE NO.  
2018 IN CASE NO. 2018-00038 ) 2018-00278  
)

August 23, 2018

Please sign in:

NAME

REPRESENTING

Nancy Vinsel

PSC - Legal

Andrew Bowker

PSC - Legal

Ariel Miller

PSC - Financial Analysis

Jason Green

PSC - Financial Analysis

Gerald Wetcher

Stoll Keenon Ogden - Counsel to  
McCreary Co WD

Keith Miller

Govt. Capital - McCreary  
Co WD lender

Compound Period: Annual

Nominal Annual Rate: 3.744%

CASH FLOW DATA

Event	Date	Amount	Number	End Date
1 Loan	4/13/2018	797,355.34	1	
2 Payment	4/1/2019	96,987.62	10	4/1/2028

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

	Date	Payment	Interest	Principal
Loan	4/13/2018			
1	4/1/2019	96,987.62	29,269.04	67,718.58
2	4/1/2020	96,987.62	27,314.36	69,673.26
3	4/1/2021	96,987.62	24,706.10	72,281.52
4	4/1/2022	96,987.62	22,000.20	74,987.42
5	4/1/2023	96,987.62	19,193.01	77,794.61
6	4/1/2024	96,987.62	16,280.72	80,706.90
7	4/1/2025	96,987.62	13,259.41	83,728.21
8	4/1/2026	96,987.62	10,125.00	86,862.62
9	4/1/2027	96,987.62	6,873.25	90,114.37
10	4/1/2028	96,987.62	3,499.77	93,487.85
Grand Totals		969,876.20	172,520.86	797,355.34

Compound Period: Annual

Nominal Annual Rate: 3.945%

CASH FLOW DATA

Event	Date	Amount	Number	End Date
1 Loan	8/10/2018	797,355.34	1	
2 Payment	8/1/2019	97,997.56	10	8/1/2028

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

	Date	Payment	Interest	Principal
Loan	8/10/2018			
1	8/1/2019	97,997.56	31,108.08	66,889.48
2	8/1/2020	97,997.56	28,818.65	69,178.91
3	8/1/2021	97,997.56	26,089.38	71,908.18
4	8/1/2022	97,997.56	23,252.42	74,745.14
5	8/1/2023	97,997.56	20,303.55	77,694.01
6	8/1/2024	97,997.56	17,238.33	80,759.23
7	8/1/2025	97,997.56	14,052.18	83,945.38
8	8/1/2026	97,997.56	10,740.33	87,257.23
9	8/1/2027	97,997.56	7,297.82	90,699.74
10	8/1/2028	97,997.56	3,719.52	94,278.04
Grand Totals		979,975.60	182,620.26	797,355.34

Last interest amount increased by 0.02 due to rounding.

\*Gerald E Wuetcher  
Attorney at Law  
STOLL KEENON OGDEN PLLC  
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Lexington, KENTUCKY 40507-1801

\*McCreary County Water District  
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Whitley City, KY 42653