

COMMONWEALTH OF KENTUCKY

BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF HYDEN-LESLIE COUNTY )
WATER DISTRICT TO ISSUE SECURITIES IN )
THE APPROXIMATE PRINCIPAL AMOUNT OF )
\$2,720,000 FOR THE PURPOSE OF REFINANCING )
A CERTAIN SHORT-TERM OUTSTANDING )
OBLIGATION OF THE DISTRICT TO )
LONG-TERM OBLIGATIONS PURSUANT TO )
KRS 278.300 AND 807 KAR 5:001 )

CASE NO. 2018-00411

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RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION

The Applicant, Hyden-Leslie County Water District (the "District"), by Counsel, files this Response to the January 11, 2019 Commission Staff's First Request for Information as follows:

Request No. 1. Refer to the Application, Exhibit C. Refer to the debt service schedule of the outstanding 2018 loan.

- (a). Confirm that Hyden-Leslie District has not made any interest or principal payments on the outstanding 2018 loan.
(b). If this is confirmed, provide reasoning as to why there have been no principal payments made on the outstanding 2018 loan.
(c). If this is not confirmed, provide the dates and amounts of the principal and interest payments.

**Response No. 1(a).** The District has made semi-annual interest payments on the 2018 loan. The interest payment amounts were capitalized in the 2018 loan. The District has not made any principal payments on the 2018 loan.

**Response No. 1(b).** The purpose of the 2018 loan was to provide interim funds that would eventually be repaid with a USDA, Rural Development loan, KIA loan or some other long-term financing.

**Response No. 1(c).** An interest payment in the amount of \$52,791.67 was made on August 1, 2018 and interest in the amount of \$52,500 is due on February 1, 2019.

**Request No. 2.** Provide the date of Hyden-Leslie District's most recent application for an increase in general service rates.

**Response No. 2.** The District's most recent application for a general service rate increase was made in Case No. 2010-00384. PSC issued its Order approving said rate increase on October 29, 2010.

**Request No. 3.** Confirm that Hyden-Leslie District is not requesting an increase in service rates.

**Response No. 3.** The District has not requested an increase in general service rates in connection with this Case. The District has applied for and received a Letter of Conditions from USDA, Rural Development ("RD") for an upcoming water improvements project. A rate increase is being required by RD in connection with the proposed project.

**Request No. 4.** Refer to Hyden-Leslie District's motion to amend its Application, Exhibit

B.

- (a). State whether or not Hyden-Leslie District anticipates on making any interest or principal payments on the 2019 loan. If Hyden-Leslie District does anticipate any payments, provide the amount toward interest and principal and the dates of the payments.
- (b). State whether there is any penalty if Hyden-Leslie District were to pay the full balance of the proposed 2019 loan early.

**Response No. 4(a).** The District will be required to make interest payments on the 2019 loan on August 1, 2019 and February 1, 2020. These payments will be made from capitalized interest funds included in the final principal amount of the 2019 loan. The August 1, 2019 interest payment is estimated to be \$45,468.44 and the February 1, 2020 interest payment is estimated to be \$44,480.00. These payment amounts will be finalized prior to closing.

**Response No. 4(b).** The 2019 loan cannot be paid in advance of maturity as providing any type of optional redemption prior to maturity on a short-term note would drastically increase the interest rate thereon.

Respectfully Submitted,

Rubin & Hays

By 

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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the foregoing Response was duly mailed by first class United States Postal Service mail to all parties of record in this proceeding on this 15<sup>th</sup> day of January, 2019.



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