

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HARDIN COUNTY)
WATER DISTRICT NO. 1 FOR AN "ORDER)
AUTHORIZING THE DISTRICT TO ACQUIRE)
A FINANCIAL LOAN") CASE NO. 9705

O R D E R

IT IS ORDERED that Hardin County Water District No. 1 shall file an original and 6 copies of the following information with the Commission no later than November 14, 1986. If the information cannot be provided by this date, a motion requesting an extension of time which states the reason for the delay and a date by which the information will be filed shall be submitted for the Commission's consideration.

1. Exhibit D of the application indicates that the proposed indebtedness will be repaid within a 3-year period and that the interest rate shall be negotiated at the time the loan is executed. Provide the following additional information concerning the proposed loan:

- A. Repayment schedule (monthly, yearly, etc.).
- B. Will the rate be fixed or adjustable?
- C. Will the rate be tied to any published indices or other interest rates?
- D. Why is the district limited to borrowing \$168,000?

2. KRS 278.300, pertaining to the Commission's jurisdiction of financing proposals, does not apply to indebtedness payable in

2 years or less. Why was a 3-year pay-back period chosen for the proposed loan?

3. Per Exhibit C, page 10, of the application, the 750,000 gallon Longview tank will have an estimated total cost of \$374,820 excluding the site cost. The requested loan of \$165,000 plus the \$215,000 grant will total \$380,000. Provide a breakdown of the projected expenditure of \$380,000.

4. Per Exhibit C, page 10, of the application, the engineering design cost for all the improvements recommended by GRW is \$163,167.

A. Does this cost include the design of the Longview tank?

B. Are there other design costs in addition to the \$163,167 included elsewhere in the cost estimates?

5. The proposed borrowing is intended to finance the design of plant facilities to be used to provide service to the district's customers. Does the district understand that the costs of such design work, including interest, are to be capitalized from the time they are first incurred until the related facilities are placed into service?

Done at Frankfort, Kentucky, this 29th day of October, 1986.

PUBLIC SERVICE COMMISSION

Richard D. Wynn
For the Commission

ATTEST:

Executive Director