

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

ELECTRONIC APPLICATION OF McCREARY )  
 COUNTY WATER DISTRICT TO ISSUE )  
 SECURITIES IN THE APPROXIMATE PRINCIPAL )  
 AMOUNT OF \$3,450,000 FOR THE PURPOSE OF ) Case No. 2022-00009  
 REFINANCING CERTAIN OUTSTANDING )  
 OBLIGATIONS OF THE DISTRICT PURSUANT )  
 TO THE PROVISIONS OF KRS 278.300 AND )  
 807 KAR 5:001 )

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**RESPONSE TO COMMISSION STAFF'S FIRST INFORMATION REQUEST**

The Applicant, McCreary County Water District ("McCreary District"), by Counsel, files this Response to Commission Staff's First Request for Information, dated February 24, 2022 as follows: **REQUEST 1:** Refer to McCreary District's 2020 Annual Report on file with the Commission, page 42. The Annual Report indicates that the outstanding principal amount for the 2012D Series Bonds is \$2,395,000, while the application indicates that the estimated principal amount is \$3,450,000. Reconcile the discrepancy in outstanding principals. State any assumptions, models, or calculations used in the estimation of outstanding principal.

**WITNESS:** Stephen Whitaker, Superintendent/Manager, McCreary County Water District.

**RESPONSE 1:** The 2012D KRWFC Loan was apportioned between the water and sewer systems (66% for water and 33% for sewer). These percentages were multiplied by the outstanding principal amount of the 2012 KRWFC Loan and the resulting principal balances were reported in the appropriate Annual Reports (\$2,395,000 in the 2020 Annual Report for Water Operations; and

\$1,200,000 in the 2020 Annual Report for Sewer Operations). The proceeds of the 2012D KRWFC Loan were used to refund five outstanding bond issues, three of which related to the water system and the other two were related to the sewer system. The total outstanding balance of the 2012D KRWFC Loan as of this date is \$3,435,000 of which approximately \$2,290,000 is related to the water system and \$1,145,000 is related to the sewer system.

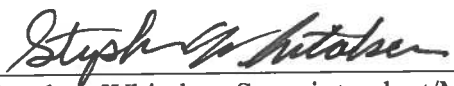
**REQUEST 2:** For each outstanding debt obligation held by McCreary District, list each Commission case in which the debt was authorized.

**WITNESS:** Stephen Whitaker, Superintendent/Manager, McCreary County Water District.

**RESPONSE 2:** See **Exhibit "A"** attached hereto.


### **Certification of Responses to Commission Staff's First Request for Information**

I hereby certify that I have supervised the preparation of the Responses to the Commission Staff's First Request for Information. This information provided in the Responses is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

  
\_\_\_\_\_  
Stephen Whitaker, Superintendent/Manager  
McCreary County Water District

The undersigned has prepared this Response as Counsel to and on behalf of the McCreary County Water District, a governmental agency, and hereby certifies that this Response is true and accurate to the best of the undersign's knowledge, information and belief formed after a reasonable inquiry.

Respectfully Submitted:

By   
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**CERTIFICATE OF SERVICE**

The undersigned, in accordance with 807 KAR 5:001, Section 8, hereby certifies that McCreary County Water District's electronic filing of the foregoing Response is a true and accurate copy of the document; that the electronic filing was transmitted to the Kentucky Public Service Commission on March 3, 2022; and that there are currently no parties that the Kentucky Public Service Commission has excused from participation by electronic means in this proceeding.

  
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# **EXHIBIT A**

Debt	Issuance Date	Lender	Initial Amount	Interest Rate	Term (Yrs)	Purpose	Allocation	PSC Case <sup>1</sup>
<b>KIA Loan F04-3</b>	12/31/2005	KIA	\$1,474,999	1.00	20	WTP Expansion/Construction of Transmission Mains	100% - Water	<b>2003-00399</b>
<b>KRWFC-Series 2012D</b>	05/30/2012	KRWFC	\$4,800,000	Varied		Series 1993 - \$620,000 Series 1997 - \$325,000 Series 2001 - \$2,250,000 Series 1997 Sewer - \$820,000 Series 2002 Sewer - \$775,000	67%-Water/33%-Sewer <sup>1</sup>	2012-00172 93-322 96-589 2001-026 97-248 2001-338
<b>2012A Series</b>	02/27/2013	RD	\$1,300,000	1.875	40	Water Treatment Plant Improvements	100% - Water	<b>2012-00053</b>
<b>2012B Series</b>	02/27/2013	RD	\$ 635,000	1.875	40	Water Treatment Plant Improvements	100% - Water	<b>2012-00053</b>
<b>2013 KRWFC Refunding</b>	02/27/2013	KRWFC	\$1,415,000	Varied	17	Refunding of 2004 KRWFC Loan Agreement 2004 Agreement involved refunding of: Waterworks Revenue Bonds Series 1973B Waterworks Revenue Bonds Series 1983A Waterworks Revenue Bonds Series 1986A and 1986B Waterworks Revenue Bonds Series 1991 Waterworks Revenue Bonds Series 1992	100% - Water	2013-00042 <sup>2</sup> 2004-00061 <sup>2</sup> Unknown 8720 9415 91-083 91-083
<b>2015 Series</b>	02/24/2015	RD	\$1,158,000	2.5	40	Improvements at WTP No. 1	100% - Water	<b>2015-00053</b>
<b>BB&amp;T Loan</b>	09/07/2018	BB&T	\$ 797,355	3.946	10	Water Meters	100% - Water	<b>2018-00278</b> <b>2018-00038</b>
<b>2020 Series A</b>	04/01/2020	RD	\$1,324,000	1.375	40	Sterns to Smithtown Water Improvements Phase 2 Water: \$1,157,340 (83%) Sewer: \$235,000 (17%)	83% - Water 17% - Sewer	<b>2019-00246</b>
<b>2020 Series E</b>	09/23/2020	KRWFC	\$1,705,000	Varied	28	Office Building - \$495,000 Refunding Bonds: RD 2005-A (91-25) - \$232,500 - Sewer RD 2005-B (91-27) - \$603,000 - Water RD 2008-A (91-29) - \$275,000 - Water RD 2008-B (91-30) - \$127,000 - Water	15.45%-Sewer/84.55% Water <sup>3</sup> 18.8%-Sewer/81.2%-Water <sup>4</sup>	2020-00151 2004-00325 2004-00425 2008-00137 2009-00138
<b>KIA Loan A20-047</b>	03/30/2021	KIA	\$2,794,500	0.50	30	Sanitary Sewer Expansion	Sewer	<b>2020-00399</b>

<sup>1</sup> Cases in bold are the cases in which the current debt issuance was authorized. Cases in normal type are those in which an earlier issuance of debt which is being refunded was originally authorized.

<sup>2</sup> Refunding bonds were originally authorized in Case No. 2004-00061. In 2013, KRWFC refunded the bonds that underwrote its assistance agreements with various water districts and revised each assistance to passthrough the savings achieved from the reissuance. The PSC approved the revised agreements in Case No. 2013-00042.

<sup>3</sup> Cost of office building purchase is allocated between water and sewer divisions based upon the number of each customers served by each division.

<sup>4</sup> Allocation based upon ratio of a division's refunded bonds to total amount of bond issuance.