

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

**IN THE MATTER OF:)
ELECTRONIC APPLICATION OF)
HARDIN COUNTY WATER)
DISTRICT No. 1 FOR:)
APPROVAL OF INDEBTEDNESS)
PURSUANT TO KRS 278.300(1))
AND KRS 278.300(8),)
AND RELATED)
SECTIONS AUTHORIZING)**

Case No. 2023-00144

VERIFIED APPLICATION

Hardin County Water District No. 1 ("Hardin District") applies to the Public Service Commission ("Commission") for an order, pursuant to KRS 278.300(1) and (8) authorizing Hardin District to obtain a perpetual line of credit not to exceed \$10,000,000.00 at any one time from The Cecilian Bank.

A. Background

1. The full name and post office address of Hardin District is: Hardin County Water District No. 1, 1400 Rogersville Road, Radcliff, Kentucky 40160. Its e-mail address is: shogan@hcwd.com.
2. Copies of all orders and pleadings related to this proceeding should be directed to:

Stephen M. Hogan
General Manager
Hardin County Water District No. 1
1400 Rogersville Road
Radcliff, Kentucky 40160
(270) 351-3222
shogan@hcwd.com

Scott Schmuck
Finance & Accounting Manager
Hardin County Water District No. 1
1400 Rogersville Road
Radcliff, Kentucky 40160
(270) 351-3222
sschmuck@hewd.com

David T. Wilson II
Skeeters, Bennett, Wilson & Humphrey
550 W. Lincoln Trail Boulevard
Radcliff, Kentucky 40160
(270) 351-4404
david.wilson@sbwhlaw.com

Richard B. Shufelt
Skeeters, Bennett, Wilson & Humphrey
550 W. Lincoln Trail Boulevard
Radcliff, Kentucky 40160
(270) 351-4404
richard.shufelt@sbwhlaw.com

3. Hardin District is not a corporation, limited liability company or limited partnership. It has no articles of incorporation or partnership agreements.

4. Hardin District is a water district created under the provisions of KRS Chapter 74 and is a political subdivision of the Commonwealth of Kentucky.

6. Hardin County Court created Hardin District pursuant to an order entered August 20, 1952.

7. Hardin District owns and operates facilities that provide, as of December 31, 2022 retail water service to approximately 10,756 customers in Hardin County, Kentucky, and wholesale water service to Meade County Water District and the cities of Vine Grove, Hardinsburg, and West Point.¹ It also owns and operates facilities that provide, as of December 31, 2022, wastewater service to approximately 9,349 customers in Hardin County, Kentucky, primarily in the city of Radcliff.²

8. Hardin District owns and operates the water treatment and distribution system that serves the Fort Knox Military Installation ("Fort Knox"),³ and the wastewater and storm water drainage systems⁴ that serve that installation.

9. Hardin District has filed under Commission Case 2023-00143 to acquire the water and wastewater systems for the City of West Point.

B. Utilization of a perpetual line of credit in an amount not to exceed \$10,000,000.00

10. As of October 5, 2016 Hardin District had in place with The Cecilian Bank a \$5,000,000.00 line of credit (the "Line of Credit"), and the balance on the line of credit was \$2,603,617.69 as of May 1, 2023. See Affidavit attached hereto as **Exhibit A**.

11. The previously held \$2,500,000 line of credit had a zero-balance outstanding for the period starting on September 22, 2016.

12. Said lines of credit have been the source of "interim financing" utilized by Hardin District as approved by the Commission in Case No 2017-00144.

13. Thereafter in October of 2022 Hardin District filed an application in Case No. 2022-00337.

14. The Commission entered an order on November 7, 2022 in Case No. 2022-00337 approving the plan of financing which involved utilizing the Line of Credit issued by The Cecilian Bank as described in paragraph 10 above.

15. In addition to utilizing the Line of Credit for purposes described in Case No. 2017-00144 and 2022-00337 Hardin District has utilized the Line of Credit for other lawful purposes.

16. The Line of Credit for Hardin District has been and remains to be used for obtaining loan funds quickly and efficiently for temporary shortfalls in cash, particularly when waiting for disbursement of grants and other public monies where contractor payment, project milestones, or completion are material requirement for disbursement of allocated public funds. The Line of Credit has been and will continue to be secured through a pledge of revenues.

17. The current total grant dollars allocated to the Hardin District are \$8,688,288.00, and individually set forth below:

- a. \$1,000,000: KIA CWP21CWW075 – Cast Iron Water Main Replacement (Co Water)
- b. \$205,000: KIA CWP21CWS407 – Radcliff Wastewater Screw Press Building Rehab
- c. \$995,000: Rural Development Loan – County Water Expansion, Filter & Gray Lane Improvements
- d. \$4,500,000: ARPA Grant SLFRF – Partial funding of the Rural Development Project above, Fixed Based Meter Reading, Pirtle Water Treatment Filter Media Replacement, County Expansion of Unserved Roads
- e. \$1,300,000: KIA 22CWW319 – County Water Expansion of Unserved Roads Project
- f. \$688,288: KIA 22CWW320 - County Water Expansion of Unserved Roads Project Phase II

18. The Cecilian Bank’s Board of Directors has approved Hardin District for a revolving line of credit in the amount of \$10,000,000 pending Commission approval. See TCB Letter attached hereto as **Exhibit B**.

C. Financial Information

19. The financial schedules and other information necessary for the Financial Exhibit required by 807 KAR 5:001, Section 12, and the other information required by 807 KAR 5:001, Section 18, are contained in the 2022 Annual Report which is on file with the Commission. The Annual Report is incorporated herein by reference.

20. Hardin District had gross annual operating revenues of \$17,717,846 during the 2022 calendar year. Consequently, the provisions of 807 KAR 5:001, Section 12(1)(a) are applicable.

21. Pursuant to KAR 5:001, Section 12, Hardin District hereby states as follows:

- a. Section 12(2)(a) Stock Authorized: None. Hardin District is a Water District. Therefore, this provision is not applicable;
- b. Section 12(2)(b) Stock Issued & Outstanding: None. Hardin District is a Water District. Therefore, this provision is not applicable;
- c. Section 12(2)(c) Preferred Stock Preference: None. Hardin District is a Water District. Therefore, this provision is not applicable;
- d. Section 12(2)(d) Mortgages: None. Hardin District does not have any mortgages or trust deeds in effect as of the date hereof;
- e. Section 12(2)(e) Bonds: A schedule setting forth all bonds which have been authorized and issued by Hardin District and which are still outstanding is set forth as **Exhibit C**. The Bonds are all secured by a pledge of Hardin District's revenues. The total amount of interest paid by Hardin District during the calendar year 2022 was \$73,747.57.

- f. Section 12(2)(f) Notes Outstanding: Hardin District does not have any notes outstanding as of the date hereof;
 - g. Section 12(2)(g) Other Indebtedness: A schedule setting forth Hardin District's current line of credit and Intra-Fund loan from the Radcliff Wastewater system to the County Water system are set forth as **Exhibit D**. The total amount of interest paid by Hardin District during the calendar year 2022 was \$115,448.93 (see attached schedule);
 - h. Section 12(2)(h) Dividends: None. Hardin District is a Water District. Therefore, this provision is not applicable; and
 - i. Section 12(2)(i) Income Statement & Balance Sheet: Hardin District's detailed Audited Income Statement for the twelve (12) month period ending on December 31, 2022, and Hardin District's Balance Sheet, as of December 31, 2022, are attached hereto and incorporated herein by reference as **Exhibits E** and **F** respectively.
22. Pursuant to KAR 5:001, Section 18, Hardin District hereby states as follows:
- a. Section 18(1)(b) Applicant's Property: A general description of Hardin District's water system property, together with a statement of the original cost, is contained in Hardin District's Annual Report for 2022 which is on file with the Commission.
 - b. Section 18(1)(c) Stock to be Issued: None. Hardin District does not propose to issue any stock.
 - c. Section 18(1)(d) Use of Proceeds: Hardin District proposes to only use the proceeds for its short-term financing needs;

- d. Section 18(1)(e) Property to be Acquired: Dependent upon quarterly cash balances available, the Hardin District will use a portion of the Line of Credit to cover the short-term expenses and quarterly payment shortfalls over the next three years in acquiring the water and wastewater systems from the City of West Point, as set forth in Commission Case 2023-00143.
- e. Section 18(1)(g) State Local Debt Officer Notification: Attached as **Exhibit G** is Hardin District's letter dated April 24, 2023 to the State Local Debt Officer. This letter, together with the attachments, constitute Hardin District's written notification to the State Local Debt Officer and compliance with KRS 65.117;
- f. Section 18(2)(a) Financial Exhibit: See paragraph 18 of this Application for Hardin District's Financial Exhibit;
- g. Section 18(2)(b) Trust Deeds or Mortgages: None. Hardin District does not have any mortgages or trust deeds in effect as of the date hereof;
- h. Section 18(2)(b) Bond Resolutions: Hardin District has two outstanding Bond Issues pursuant to various Bond Authorizing Resolutions. The 2017 USDA Bonds, which is Hardin District's most recent Bond Issue, were issued pursuant to the Bond Authorizing Resolution adopted on November 15, 2016. A copy of this Bond Authorizing Resolution and Board minutes are attached hereto and incorporated herein by reference as **Exhibit H**. The 2017 USDA Bond Authorizing Resolution supersedes, or incorporates by reference, all Hardin District's prior Bond Authorizing Resolutions;

- i. Section 18(2)(c) USOA Account Number: This provision is not applicable because Hardin District is not proposing to construct any new facilities using this proposed line of credit.

23. Hardin District believes that the financial information submitted with this Application is sufficient to enable the Commission to adequately, effectively, and efficiently review this Application to issue securities.

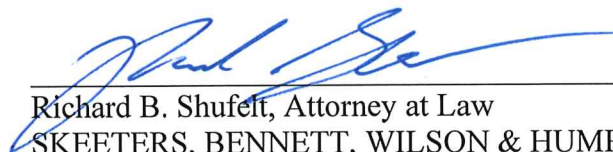
D. Impact of Indebtedness Upon Customers

- 24. No rate adjustment for Hardin District's existing customers will be necessary.

WHEREFORE, Hardin County Water District No. 1 request the Public Service Commission of the Commonwealth of Kentucky issue an order authorizing and approving the continued utilization of a perpetual line of credit not to exceed \$10,000,000.00 at any one time from The Cecilian Bank and all other relief to which the applicant may be entitled.

HARDIN COUNTY WATER DISTRICT No. 1

By:


Richard B. Shufelt, Attorney at Law
SKEETERS, BENNETT, WILSON & HUMPHREY
550 W. Lincoln Trail Blvd.
Radcliff, KY 40160
270-351-4404
Attorney for Hardin County Water District No. 1

VERIFICATION

The undersigned, Mr. Stephen M. Hogan, General Manager of the Hardin County Water District No. 1, hereby verifies that he has personal knowledge of the matters set forth in the enclosed Application requesting the Commission approve the issuance of a perpetual line of credit, and that he is duly designed by the Board of Commissioners of the Hardin County Water District No. 1 to sign and submit this information on its behalf.

HARDIN COUNTY WATER DISTRICT No. 1

By 
STEPHEN M. HOGAN, GENERAL MANAGER

STATE OF KENTUCKY
COUNTY OF HARDIN

I, the undersigned, a Notary Public, do hereby certify that on this 4th day of May, 2023, personally appeared before me, STEPHEN M. HOGAN, who being by me first sworn, subscribed to and acknowledged that he is General Manager for the Hardin County Water District No. 1, a Kentucky Corporation, that he has signed the foregoing document as General Manager of Hardin District.



SKOBryant

NOTARY PUBLIC, STATE OF KENTUCKY

Notary ID: KYNP50952

My Commission Expires: May 22, 2026

CERTIFICATION OF SERVICE

The undersigned, Mr. Richard B. Shufelt, Attorney for the Hardin County Water District No. 1, in accordance with 807 KAR 5:001, Section 8 and the Commission's Order of July 22, 2021, in Case No. 2020-00085, certify that on this 4th day of May, 2023, this document was electronically transmitted to the Public Service Commission on this the ; and that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

SKEETERS, BENNETT, WILSON & HUMPHREY

By



RICHARD B. SHUFELT, Esq., ATTORNEY

STATE OF KENTUCKY
COUNTY OF HARDIN

I, the undersigned, a Notary Public, do hereby certify that on this 4 day of May, 2023, personally appeared before me, RICHARD B. SHUFELT, who being by me first sworn, subscribed to and acknowledged that he represents the Hardin County Water District No. 1, a Kentucky Corporation, that he has signed the foregoing document as Attorney of Hardin District.



NOTARY PUBLIC, STATE OF KENTUCKY

Notary ID: KYNP49076

My Commission Expires: 5-23-26

¹ Annual Report of Hardin County Water District No. 1 to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2021 ("2021 Annual Water Report") at Ref Pages 27 and 29.

² Annual Report of Hardin County Water District No. 1 to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2021 ("2021 Annual Sewer Report") at Ref Page 8.

³ Application of Hardin County Water District No. 1 for Approval of a Contract with the United States Army to Provide Water Service to the Fort Knox Military Installation, Case No. 2011-00416 (Ky. PSC Jan. 27, 2012).

⁴ Application of Hardin County Water District No. 1 Requesting A Certificate of Public Convenience and Necessity to Own and Operate A Sewer Utility and Approval of Initial Rates, Case No. 2004-00422 (Ky. PSC Dec. 1, 2004).