

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

**In the Matter of:**

<b>ELECTRONIC APPLICATION OF WARREN )</b>	
<b>COUNTY WATER DISTRICT FOR )</b>	
<b>AUTHORITY TO ISSUE SECURITIES IN THE )</b>	
<b>APPROXIMATE AMOUNT OF \$20,575,000 )</b>	<b>CASE NO.</b>
<b>FOR THE PURPOSE OF REFINANCING )</b>	<b>2026-00055</b>
<b>CERTAIN OUTSTANDING OBLIGATIONS )</b>	
<b>OF THE DISTRICT PURSUANT TO THE )</b>	
<b>PROVISIONS OF KRS 278.300 AND 807 KAR )</b>	
<b>5:001 )</b>	

**RESPONSE OF**  
**WARREN COUNTY WATER DISTRICT**  
**TO**  
**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED APRIL 15, 2026**

**Filed April 24, 2026**

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

**In the Matter of:**

<b>ELECTRONIC APPLICATION OF</b>	)	
<b>WARREN COUNTY WATER</b>	)	
<b>DISTRICT FOR AUTHORITY TO</b>	)	
<b>ISSUE SECURITIES IN THE</b>	)	<b>CASE NO.</b>
<b>APPROXIMATE PRINCIPAL</b>	)	<b>2026-00055</b>
<b>AMOUNT OF \$20,575,000 FOR THE</b>	)	
<b>PURPOSE OF REFINANCING</b>	)	
<b>CERTAIN OUTSTANDING</b>	)	
<b>OBLIGATIONS OF THE DISTRICT</b>	)	
<b>PURSUANT TO THE PROVISIONS OF</b>	)	
<b>KRS 278.300 AND KAR 5:001.</b>	)	

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**RESPONSE OF WARREN COUNTY WATER DISTRICT TO  
COMMISSION STAFF’S FIRST REQUEST FOR INFORMATION**

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Warren County Water District (the “District”) submits its Response to Commission Staff’s First Request for Information.

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*Counsel for Warren County Water  
District*

## **CERTIFICATE OF SERVICE**

In accordance with the Commission's Order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on April 24, 2026; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

/s/Tina C. Frederick  
Tina C. Frederick





**WARREN COUNTY WATER DISTRICT**

**Case No. 2026-00055**

**Response to Commission Staff's First Request for Information**

**Question No. 1-1**

**Responding Witness:** Jeff Peeples, Manager of Finance & Administration

**Q 1-1. Refer to the Application, Exhibits 5, 6, and 7. Refer also to Exhibit 4, Assistance Agr2025D, Schedule II. Provide these exhibits in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.**

**A 1-1.** The requested Excel spreadsheets have been filed separately as Attachments 1-a – 1d-2 as set forth below.

Please note that **Attachment-1a**, (Exhibit 5, 2026 Estimated Cashflows); **Attachment-1d-1**, (Exhibit 4, Assistance Agr2025D, Schedule I, Net Debt Service); and **Attachment-1d-2**, (Exhibit 4, Assistance Agr2025D, Schedule II, Pricing Summary) were provided to Warren District by Raymond James and Associates, Inc. ("Raymond James"). Raymond James serves as the Financial Adviser to Rural Water Finance Agency ("RWFA"), the issuer of the 2025D bonds that funded Warren District's 2025 Short-term Loan (2025D Bond Anticipation Note), the 2024D bonds that funded Warren District's 2024D Short-term Loan (2024D Bond Anticipation Note), the 2022D bonds that funded Warren's 2022D Short-term Loan (the 2022D Bond

Anticipation note, and the bonds that will fund the proposed RWFA Loan. Raymond James created the above-mentioned attachments using software known as “Munex,” which is commonly used in the municipal bond industry. When schedules created in Munex are converted to Excel, there are no formulas in the data, only the numbers appearing in the schedules. As such, there are no Excel spreadsheet versions of these documents available with formulas.

<b>Application Document</b>	<b>Attachment</b>
Exhibit 5	Attachment-1a
Exhibit 6	Attachment-1b
Exhibit 7	Attachment-1c-1 & Attachment-1c-2
Exhibit 4, Schedule I	Attachment-1d-1
Schedule II	Attachment-1d-2

**WARREN COUNTY WATER DISTRICT**

**Case No. 2026-00055**

**Response to Commission Staff's First Request for Information**

**Question No. 1-2**

**Responding Witness:** Jeff Peebles, Manager of Finance & Administration  
Jacob Cuarta, General Manager

**Q 1-2. Refer to the Application, generally. Provide a comprehensive schedule of all current and retired debt for the years ending December 31, 2020 through December 31, 2025.**

**A 1-2.** Warren District requested clarification from Staff concerning how to best provide a response to items 2 & 3. The very helpful guidance

Warren received was:

**Question 2:** Provide the list of all active and retired debt instruments (short-term and long-term) for the period covering FY2020 to FY2025.

**Question 3:** Provide the list of all the projects Warren District has had by using those debts in Q2, and how much of each loan was used for the project.

Only 2024D and 2025D are listed for FY2020 to FY2025.

For example, regarding the 2024D Note and 2025D Note in the amounts of \$8,102,453 and \$22,985,000 in Exhibit 6, respectively. Provide a detailed schedule showing the **allocation of proceeds** by project. Specifically:

- **(a)** Identify each capital project funded by this Note and the specific dollar amount and percentage of the total loan allocated to each.

- **(b)** For the pending debt request, provide a similar projected allocation, identifying the specific nexus between the requested funds and each proposed project mentioned in the Application.

Warren District can confirm that the **2024D Note** and the **2025D Note** represent the only short-term or long-term debt instruments held, issued, or retired during the fiscal years 2020 through 2025, if there are none.

To facilitate a clear analysis of the District's capital financing, provide the responses to Questions 2 and 3 in a **single, consolidated Excel spreadsheet**. The file should be provided in an unprotected format with all formulas intact.

Filed separately as **Attachment\_2** is an Excel file containing the requested information.

### **Short-Term Debt**

Warren District believes further explanation is required concerning the short-term debt. Before the original short-term note (the “2022D Note”) was issued by Warren District in 2022, Warren District knew that it would ultimately need to issue long-term debt once it constructed its new Customer Service and Operations Facility (the “Office Complex”) and the other capital projects described in paragraph 11 of its Application. Unfortunately, because of the delays in procuring the architect, the design-build team, negotiating a guaranteed maximum

price, obtaining the necessary approvals for the site development plan, and obtaining the other approvals, the 2022D Note matured before all of those funds had been expended.

The 2024D Note was issued to “pay off” the 2022D Note, but no “new” funds were made available to Warren District from the 2024D Note. This was an intentional decision made by Warren District. It knew that it would probably not spend all the “leftover” funds from the 2022D Note until the middle of 2025. Therefore, it decided to issue a one-year interim financing note to “net” just enough money to “pay off” the 2022D Note. Warren District did not want to pay interest on funds that it would not need until the middle of 2025.

The 2025D Note was “sized” to pay off the 2024D Note and to provide sufficient funds to complete the new Office Complex and other capital projects. The maturity date for the 2025D Note is slightly less than 24 months, but Warren District made sure that it contained a provision that it could be paid off early, without a pre-payment penalty, if the new Office Complex was completed before the 2025D Note matured. The new Office Complex will be completed in May 2026. Hence, the timing of the issuance of the long-term debt issue proposed by Warren District in this proceeding.

## **Capital Projects Constructed Using Short-Term Debt**

The SCADA Equipment, Highway 31W Relocation Betterment, and Creation of District Metered Areas (“DMAs”) appear in the “Use of Funds” for the 2022D Note and for the 2025D Note.<sup>1</sup> These projects were constructed using funds from the 2022D Note. They were refinanced using the 2025D Note because the District was not yet ready to obtain permanent financing because the construction and equipping of the Office Complex was not yet complete.

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<sup>1</sup> These projects are discussed in the Application, paragraph 11. The SCADA equipment replacement was done because the District’s SCADA equipment was at the end of its useful life and replacement parts were not available. The Highway 31W Relocation Betterment resulted from a Kentucky Department of Transportation project that required relocation of Warren District’s water main. The Department of Transportation bore most of those costs, but Warren District used the opportunity to increase the size of the water line to increase capacity. Warren District bore only the cost associated with the increase in pipe size. Warren District created several DMAs using zone meters to better monitor water usage and identify water loss.

**WARREN COUNTY WATER DISTRICT**

**Case No. 2026-00055**

**Response to Commission Staff's First Request for Information**

**Question No. 1-3**

**Responding Witness:** Jeff Peeples, Manager of Finance & Administration

**Q 1-3.** Refer to the Application, generally. Provide a detailed breakdown of the use of funds for each project for the years ending December 31, 2020 through December 31, 2025, in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

**A 1-3.** Please see Warren District's response to item 2 and **Attachment\_2**, filed separately.

**WARREN COUNTY WATER DISTRICT**

**Case No. 2026-00055**

**Response to Commission Staff's First Request for Information**

**Question No. 1-4**

**Responding Witness:** Jeff Peeples, Manager of Finance & Administration

**Q 1-4. Refer to the Application, Exhibit 4, Borrower Closing Memo, page 2, Refunding Transfers. Explain the \$11,880,000 transfer amount and provide a comparison of this figure to the original principal balance of the Series 2024D obligation.**

**A 1-4.** The District issued the Series 2024D Bond Anticipation Note (BAN) on July 30, 2024 in a par amount<sup>1</sup> of **\$11,880,000**. The 2024D BAN had a maturity of August 1, 2025. The District issued its Series 2025D BAN on July 17, 2025 with a par amount of **\$22,985,000** and since \$11,880,000 was due on August 1, 2025, on July 31, 2025 (1 day prior to maturity) the trustee bank (Regions Bank) transferred \$11,880,000 from the 2025D BAN Project Fund to RWFA's debt service account to repay the Series 2024D BAN in its entirety.

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<sup>1</sup> The "par amount" of a bond anticipation note is its face value, or principal amount.

**WARREN COUNTY WATER DISTRICT**

**Case No. 2026-00055**

**Response to Commission Staff's First Request for Information**

**Question No. 1-5**

**Responding Witness:** Jeff Peeples, Manager of Finance & Administration

**Q 1-5.** Refer to the Application, generally, Using the debt service coverage method, provide detailed calculations and supporting workpapers in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected, showing the projected impact of the requested long-term bond issuance on the revenue requirements upon Warren District's next general rate case.

**A 1-5.** The requested information is presented in **Attachment\_5**, filed separately. Please note that the increased rates resulting from Warren District's 2024 sewer and water division rate cases were only in effect for approximately 50 percent of 2025.<sup>1</sup>

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<sup>1</sup> *Electronic Application of Warren County Water District for an Adjustment of Rates for Water Service*, Case No. 2024-00200, (Ky. PSC May 20, 2025); *Electronic Application of Warren County Water District for an Adjustment of Rates for Sewer Service*, Case No. 2024-00200, (Ky. PSC May 20, 2025). The water and sewer rate increases became effective May 20, 2025, and were applied to sales on and after that date.

**WARREN COUNTY WATER DISTRICT**

**Case No. 2026-00055**

**Response to Commission Staff's First Request for Information**

**Question No. 1-6**

**Responding Witness:** Jeff Peeples, Manager of Finance & Administration

**Q 1-6. Refer to the Application, generally. Refer also to the financial position reflected in Exhibit 7.**

- a. Explain Warren District's specific strategy and identify funding streams for meeting its upcoming debt service obligations.**
- b. Confirm whether Warren District intends to initiate a general rate case proceeding in 2026 or the first quarter of 2027. If unable to confirm, provide month and year Warren District plans to file its next rate case adjustment.**

**A 1-6a.** Warren District's 2026 cashflow has improved from that experienced in 2025 due to the rate increases that went into effect in the last half of 2025. The Commission approved a **\$1,989,621** annual increase in revenues for water service and a **\$630,799** annual increase in revenues for sewer service.<sup>1</sup> Warren District will be able to meet its 2026 debt service obligations from its expected 2026 revenues.

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<sup>1</sup> *Electronic Application of Warren County Water District for an Adjustment of Rates for Water Service*, Case No. 2024-00200, Order at 40, (Ky. PSC May 20, 2025); *Electronic Application of Warren County Water District for an Adjustment of Rates for Sewer Service*, Case No. 2024-00200, Order at 33, (Ky. PSC May 20, 2025). The water and sewer rate increases became effective May 20, 2025, and have been applied to all sales since that date.

Payments on the proposed RWFA Loan will begin in February 2027. Warren District will be filing rate cases in both its water and sewer divisions in the third quarter of 2026. Warren District will include its debt service of the proposed RWFA Loan in those proceedings. At that time, the debt service requirement on the proposed RWFA Loan will be known and measurable.

**A1-6b.** As Warren District stated in its Application, page 10, paragraph 20, Warren District plans to file a general rate adjustment for both its water and sewer divisions in the **third quarter of 2026**.

Due to an anticipated wholesale rate increase from Bowling Green Municipal Utilities, which is expected in the late spring or early summer of 2026, Warren District will likely file a Purchased Water Adjustment and a Treated Sewage Adjustment *before* it files applications for general rate adjustments.

**WARREN COUNTY WATER DISTRICT**

**Case No. 2026-00055**

**Response to Commission Staff's First Request for Information**

**Question No. 1-7**

**Responding Witness:** Jeff Peeples, Manager of Finance & Administration

**Q 1-7. Refer to the Application, page 2. Explain the calculation for the 10 percent as requested in this application. Provide a numeric and narrative explanation based on this application.**

**A 1-7.** The 10 percent variable in final principal amount was requested because the final terms and details of the RWFA Loan cannot be established until the sale of the RFWA bonds scheduled to be sold on June 9, 2026. These bonds will fund the RWFA Loan. Although RWFA can project with a certain degree of accuracy the bids it is likely to receive on any bond issuance, market conditions at the time of the bond sale ultimately determine what bids are received for any given bond sale.

The bond market is competitive, and securities are sold to the underwriter with the lowest true interest cost ("TIC").<sup>1</sup> The amount of original issue discount (if any), the amount of original issue premium

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<sup>1</sup> For bonds, true interest cost is defined as the rate of interest necessary to discount the amounts payable on the respective principal and interest payments dates to the purchase price received for the new issue of bonds. Interest is assumed to be compounded semi-annually. TIC computations produce a figure slightly different from the net interest cost ("NIC") method because TIC considers the time value of money, while NIC does not.

(if any), the amount of underwriter's discount, and the interest rate and yield on the bonds are not known until the bids are received. All four of these factors will influence the final bond principal amount that is issued in order for the District to net the \$20,000,000. However the bond principal amount is adjusted, the TIC stays the same as the original bid.

For instance, if the bid were to come in with a high original issue premium, the bond principal amount would be reduced. Conversely, if the bid were to come in with a high original issue discount, the bond principal amount would be increased. Therefore, borrowers need to provide for some adjustment to the bond principal amount to cover these factors. The standard in Kentucky is for borrowers to authorize an adjustment to the bond principal amount of upwards by 10 percent and lower by any amount.

Below are three examples of different bids (premium, at par, and discount) showing how the principal is adjusted for the same net amount to the borrower (subject to bond rounding to \$5,000 increments).

<b>Bid Type</b>	<b>98% Discount Bid</b>	<b>100% Par Bid</b>	<b>105% Premium Bid</b>
Original Principal	\$20,575,000	\$20,575,000	\$20,575,000
Premium/Discount Bid	(\$411,500)	\$0	\$1,028,750
Adjusted Principal	\$20,995,000	\$20,575,000	\$19,595,000
Plus Premium *	\$0	\$0	\$979,750
Less Discount *	(\$419,900)	\$0	\$0
Net to Borrower	\$20,575,100	\$20,575,000	\$20,574,750

\*The adjusted premium and/or discount is based on the adjusted bond principal amount.

For the reasons stated above, applications seeking Commission approval to enter into loans funded by bond sales include the request for a 10 percent variable to avoid the need to petition the Commission for revised authority to issue an evidence of indebtedness when the actual terms of the proposed loan differ slightly from what is projected by the issuer of the bonds.<sup>2</sup>

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<sup>2</sup> See, *Electronic Application of Ohio County Water District to Issue Securities in the Approximate Principal Amount of \$5,800,000 for the Purpose of Refinancing Certain Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001*, Case No. 2025-00116, (Ky. PSC May 29, 2025); *Electronic Application of Bracken County Water District to Issue Securities in the Approximate Principal Amount of \$325,000 for the Purpose of Refinancing Certain Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001*, Case No. 2024-00058, (Ky. PSC May 31, 2024); *Electronic Application of McCreary County Water District to Issue Securities in the Approximate Principal Amount of \$3,450,000 for the Purpose of Refinancing Certain Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001*, Case No. 2022-00009, (Ky. PSC Mar. 16, 2022); *Electronic Application of Morgan County Water District for Approval to Issue Securities for the Purpose of Refinancing Certain High Interest Indebtedness*, Case No. 2021-00476, (Ky. PSC Feb. 18, 2022); *Electronic Application of Larue County Water District No. 1 to Issue Securities for the Purpose of Refinancing Certain Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001*, Case No. 2021-00464, (Ky PSC Jan. 11, 2022); *Electronic Application of Edmonson County Water District to Issue Securities for the Purpose of Refinancing Certain Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001*, Case No. 2021-00463, (Ky. PSC Feb. 3, 2022); and *Electronic Application of Barkley Lake Water District to Issue Securities in the Approximate Principal Amount of \$870,000 for the Purpose of Refinancing Certain Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001*, Case No. 2021-00448, (Ky. PSC Jan. 21, 2022).