

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF HARDIN	)	
COUNTY WATER DISTRICT NO. 2 FOR A	)	CASE NO.
CERTIFICATE OF PUBLIC CONVENIENCE AND	)	2020-00207
NECESSITY	)	

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION  
TO HARDIN COUNTY WATER DISTRICT NO. 2

Hardin County Water District No. 2 (Hardin District No. 2), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested herein is due on within ten days of the date of this request. The Commission directs Hardin District No. 2 to the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085<sup>1</sup> regarding filings with the Commission. The Commission expects the original documents to be filed with the Commission within 30 days of the lifting of the current state of emergency. All responses in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or

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<sup>1</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Hardin District No. 2 shall make timely amendment to any prior response if Hardin District No. 2 obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Hardin District No. 2 fails or refuses to furnish all or part of the requested information, Hardin District No. 2 shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Hardin District No. 2 shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Confirm that Hardin District No. 2 does not propose to increase its water service rates to its customers as a result of the proposed project.
2. Provide Hardin District No. 2's depreciation schedule for all of its assets for the period ending December 31, 2019.

3. Provide a copy of a current amortization schedule for each of Hardin District No. 2's outstanding bond issuances, promissory notes, and debt instruments.

4. Refer to the application, paragraph 8. According to Hardin District No. 2, the total estimated cost to construct its new office complex is \$8,000,000, but after selling the current Customer Service Center and a 10-acre tract of land located at 315 Ring Road the balance of the short-term debt to be refinanced through the issuance of long-term bonds will be approximately \$3,100,000.

a. Provide Hardin District No. 2's projected calculation of the debt service for the short-term Bound Anticipation Note (BAN) or loan of \$8,000,000. Include all calculations, assumptions (interest rate and term), and workpapers used by Hardin District No. 2 in its response.

b. Provide an estimated amortization schedule for the projected \$3,100,000 long-term bonds. Include all calculations, assumptions (interest rate and term), and workpapers used by Hardin District No. 2 in its response.

c. Assuming Hardin District No. 2 is unable to sell its Customer Service Center and its 10-acre tract of land, provide an estimated amortization schedule for the \$8,000,000 long-term bonds. Include all calculations, assumptions (interest rate and term), and workpapers used by Hardin District No. 2 in its response.

5. a. Provide the estimated date by which Hardin District No. 2 will complete the construction of its proposed office complex.

b. Provide the estimated date by which Hardin District No. 2 will convert its proposed short-term financing into long-term debt.

6. Provide a schedule in Excel spreadsheet format showing that Hardin District No. 2 met the debt service coverage requirements in calendar years 2017, 2018, and 2019.

7. Provide a schedule in Excel spreadsheet format showing that Hardin District No. 2 will meet the debt service coverage requirements (existing and proposed \$3,100,000 long-term debt) for the three years following the construction of its proposed office complex. Include all calculations, assumptions (customer growth and increases in operating expenses), and workpapers used by Hardin District No. 2 in its response.

8. Provide a schedule in Excel spreadsheet format showing that Hardin District No. 2 will meet the debt service coverage requirements (existing and new long-term debt of \$8,000,000) for the three years following the construction of its proposed office complex. Include all calculations, assumptions (customer growth and increases in operating expenses), and workpapers used by Hardin District No. 2 in its response.

9. Provide a copy of Hardin District No. 2's general ledger for the calendar year ended December 31, 2019.

10. Provide Hardin District No. 2's adjusted trial balance showing unaudited account balances, audit adjustments, and audited balances for the calendar year ended December 31, 2019.

11. Provide the estimated long-term maintenance expense for the proposed buildings and the estimated useful service life of the proposed headquarters.

12. Refer to the application, paragraph 11. Hardin District No. 2 explains that from 1997 through December 31, 2019, the number of customers it services has

increased from 10,154 to 28,888. During this period, Hardin District No. 2's workforce increased from 39 employees to 82 employees.

a. Provide a schedule in Excel spreadsheet format showing the annual customer growth for the calendar years 1997 through 2019. Include all supporting documentation for the assertion that Hardin District No. 2's membership has increased significantly since 1997.

b. Provide a schedule in Excel spreadsheet format showing the annual increase in the number of employees for the calendar years 1997 through 2019. Include a breakdown of the employee numbers between inside and outside staff.

13. Refer to the application, paragraph 12. According to Hardin District No. 2, in the next 20 years it will experience a 19.9 percent increase in population and a 23.2 percent increase in the number of households served.

a. Provide a detailed explanation for the difference between the projected increases in population to the increase in the number of households.

b. Provide a schedule in Excel spreadsheet format showing the projected annual customer growth for the 20 years referenced in the application.

c. Provide a schedule in Excel spreadsheet format showing the annual increase in the number of employees for the 20 years referenced. Include a breakdown of the employee numbers between inside and outside staff.

d. Provide copies of the documentation Hardin District No. 2 relied on to calculate its 20-year customer growth projections.



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Kent A. Chandler  
Acting Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

DATED SEP 22 2020

cc: Parties of Record

Case No. 2020-00207

\*Honorable Damon R Talley  
Attorney at Law  
Stoll Keenon Ogden PLLC  
P.O. Box 150  
Hodgenville, KENTUCKY 42748

\*Gerald E Wuetcher  
Attorney at Law  
STOLL KEENON OGDEN PLLC  
300 West Vine Street  
Suite 2100  
Lexington, KENTUCKY 40507-1801

\*Hardin County Water District #2  
360 Ring Road  
P. O. Box 970  
Elizabethtown, KY 42702-0970

\*Shaun Youravich  
Operations Manager  
Hardin County Water District #2  
P. O. Box 970  
Elizabethtown, KY 42702-0970