

Rubin & Hays

ATTORNEYS AT LAW

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CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

August 23, 2013

RECEIVED
AUG 29 2013
PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Re: Henderson County Water District - PSC Case No. 2012-00352

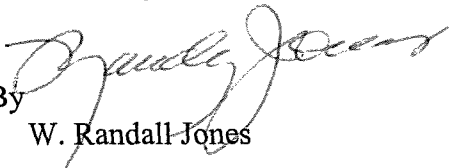
Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of a Motion to Amend the Order previously issued by the PSC on August 23, 2012 to allow the Henderson County Water District to issue additional securities in the principal amount of \$300,000.

If you need any additional information or documentation, please let me know.

Sincerely,

Rubin & Hays

By 
W. Randall Jones

WRJ:jl
Enclosures

cc: Distribution List

DISTRIBUTION LIST

Re: Henderson County Water District Waterworks Revenue Bonds, Series 2013, in the principal amount of \$1,995,000, consisting of \$1,695,000 of Series 2013 Bonds and \$300,000 of Series 2013A Bonds

Mr. Thomas G. Fern
State Director
USDA, Rural Development
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5477

Telephone: (859) 224-7336

Mr. Joseph Geffert
USDA, Rural Development
1095 National Mine Drive
Madisonville, Kentucky 42431

Telephone: (270) 821-4430
Fax: (270) 825-3120

Ms. Lisa Gish
Henderson County Water District
P.O. Box 655
Henderson, Kentucky 42419-0655

Telephone: (270) 826-9802
Fax: (270) 826-9808

Mr. Bob Sturdivant
HDR, Inc.
2517 Sir Barton Way
Lexington, Kentucky 40509

Telephone: (859) 223-3755
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J. Christopher Hopgood, Esq.
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318 Second Street
Henderson, Kentucky 42420

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Louisville, Kentucky 40202

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

AUG 26 2013

PUBLIC SERVICE
COMMISSION

In the Matter of:

**THE APPLICATION OF THE HENDERSON)
COUNTY WATER DISTRICT FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE) Case No. 2012-00352
AND NECESSITY TO CONSTRUCT AND)
FINANCE PURSUANT TO KRS 278.023.)**

MOTION TO AMEND ORDER

This Motion of the Henderson County Water District ("Applicant"), by Counsel, respectfully shows:

1. That on August 23, 2012, the Commission issued its Order in **Case No. 2012-00352** granting the Applicant a Certificate of Public Convenience and Necessity to construct a waterworks improvement project and approving the plan of financing and the issuance of securities pursuant to KRS 278.023.

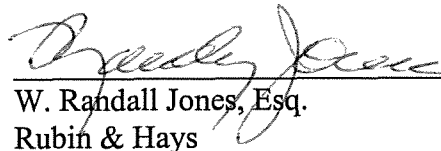
2. That the Project consists of Contracts A and B which involved the replacement of the water main along US 60 East, and Contract C which involved the replacement of an existing pump station located on US 60 West. Contracts A and B had significant quantity cost overruns including (i) additional road bores required by Henderson County; (ii) rerouting of the water main due to a gas line crossing; and (iii) the replacement of existing service lines. In order to complete Contract C, the Applicant needed additional funds.

3. That the U. S. Department of Agriculture, acting through Rural Development ("RD") has agreed to provide Applicant with an additional loan in the principal amount of \$300,000 to cover the Project shortfall. The additional loan shall mature over 40 years and shall bear interest at a rate not to exceed 3.50% per annum. RD has issued Amendment No. 1, dated August 8, 2013 to the original Letter of Conditions, which Amendment sets forth the new Project budget and raises the approved RD loan amount by \$300,000. The Amendment also requires the Applicant to provide a local cash contribution of \$33,345. A copy of Amendment No. 1 is filed with this Motion.

4. That Amendment No. 1 also contains minimum water rates required to be in effect prior to the closing of the RD loans. Applicant is not requesting the Commission to approve these rates as Applicant currently has an Application for an alternative rate filing pending before the Commission (Case No. 2013-00154).

WHEREFORE, Applicant, the Henderson County Water District, by Counsel, asks that the Kentucky Public Service Commission amend its Order issued on August 23, 2012 to approve the amended plan of financing and authorize the issuance of an additional \$300,000 loan to the District from RD.

Respectfully Submitted:



W. Randall Jones, Esq.
Rubin & Hays
Counsel for Applicant
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525
wrjones@rubinhays.com



Rural Development

August 8, 2013

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

David Spainhoward, Chairman
Henderson County Water District
PO Box 655
Henderson, Kentucky 42420

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

Re: Letter of Conditions Dated December 16, 2010

Dear Mr. Spainhoward:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated December 16, 2010. The purpose of this amendment is to revise project costs to account for additional materials and unforeseen construction issues, as well as to account for several non-construction items that exceeded budgetary amounts. Overall, the total project cost has increased by \$300,000 and this amendment will provide for the additional \$300,000 RUS loan to pay for these increased expenses.

The Second Paragraph on Page 1 is revised to read as follows:

"This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$1,995,000 and an local (county) cash contribution of \$33,345. "

Paragraph numbered "5" is revised to read as follows:

" 5. Reserve Accounts:

Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance, pay for repairs, and assist with debt service should the need arise.

The District will be required to deposit \$825 per month into a "Funded Debt Reserve Account" until the account reaches \$99,000. The deposits are to be resumed any time the account falls below the 99,000.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the District's prior bond ordinances.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

The District also needs to fund an account for short-lived assets by depositing a sum of \$1,090 monthly into the account. The funds in the short-lived asset account may be used by the Distric as needed to replace or add short-lived assets in the District's water system. "

Paragraph numbered "12" is revised to read as follows:

" 12. Insurance and Bonding:

The following insurance and bonding will be required:

- C. Fidelity Bond – The 99,000 will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$99,000. "

Paragraph numbered "23" is revised to read as follows:

" 23. Cost of Facility:

Breakdown of Costs:

Development	\$ 1,716,000
Land and Rights	29,000
Legal and Administrative	35,000
Engineering	183,345
Interest	35,000
Contingencies	<u>30,000</u>
TOTAL	\$ 2,028,345

Financing:

RUS Loan	\$ 1,995,00
Local Contribution	<u>33,345</u>
TOTAL	\$ 2,028,345 "

Paragraph numbered "24" is revised to read as follows:

" 24. Rates and Charges:

Rates and charges for facilities and services rendered by the* must be at least adequate to meet cost of maintaining, repairing and operating the * system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

3/8" x 3/4" Meter:		
First	2,000 gallons @ \$	17.38. - Minimum Bill.
Next	8,000 gallons @ \$	6.13. - per 1,000 gallons.
Next	20,000 gallons @ \$	5.63. - per 1,000 gallons.
All Over	30,000 gallons @ \$	5.13. - per 1,000 gallons.
1" Meter:		
First	5,000 gallons @ \$	35.77. - Minimum Bill.
Next	5,000 gallons @ \$	6.13. - per 1,000 gallons.
Next	20,000 gallons @ \$	5.63. - per 1,000 gallons.
All Over	30,000 gallons @ \$	5.13. - per 1,000 gallons.
2" Meter:		
First	16,000 gallons @ \$	100.02. - Minimum Bill.
Next	14,000 gallons @ \$	5.63. - per 1,000 gallons.
All Over	30,000 gallons @ \$	5.13. - per 1,000 gallons.
3" Meter:		
First	30,000 gallons @ \$	179.02. - Minimum Bill.
All Over	30,000 gallons @ \$	5.13. - per 1,000 gallons.
4" Meter:		
First	50,000 gallons @ \$	281.62. - Minimum Bill.
All Over	50,000 gallons @ \$	5.13. - per 1,000 gallons.
6" Meter:		
First	100,000 gallons @ \$	538.12. - Minimum Bill.
All Over	100,000 gallons @ \$	5.13. - per 1,000 gallons. "

All other provisions of the referenced Letter of Conditions remain in full force and unchanged.

Sincerely,



THOMAS G. FERN
State Director

- cc: Area Director - Madisonville, Kentucky
- Green River ADD - Owensboro, Kentucky
- Rubin & Hays - Louisville, Kentucky
- Frank King - Henderson, Kentucky
- HDR Engineers - Lexington, Kentucky