

West Carroll Water District
P O Box 45
Carrollton, KY 41008
(502) 732-7055

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

RECEIVED

AUG 28 2012

PUBLIC SERVICE
COMMISSION

Re: West Carroll Water District PSC Application

Dear Mr. Derouen:

Enclosed please find the Application of the West Carroll Water District for an Order authorizing the District to issue securities pursuant to KRS 278.300.

This Application requests approval for entering into an Interlocal Agreement with the City of Carrollton/Carrollton Utilities for the purpose of obtaining a loan from Kentucky Infrastructure Authority for the purpose of replacing aging infrastructure, providing better water service to underserved customers, and providing water service to new customers.

The Applicant, West Carroll County Water District (the "District"), files this Application pursuant to KRS 278.300, 807 KAR 5:001, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the "Commission") enter an Order authorizing the District to enter into an Interlocal Agreement with the City of Carrollton/Carrollton Utilities for the purpose of obtaining a loan from the Kentucky Infrastructure Authority for a regional project that will improve their respective water systems. The District's portion of the debt is estimated to be \$472,013.00, paid to Carrollton Utilities

over 30 years at an interest rate of 1.0%. In support, of this Application, and in compliance with the rules and regulations of the Commission, the District states as follows:

807 KAR 5:001

Section 8(1)

- 1) The mailing address of the District is as follows:

West Carroll Water District
P. O. Box 45
Carrollton, Kentucky 41008

Section 8(3)

- 2) The District was established in accordance with the provisions of Chapter 74 of the Kentucky Revised Statutes pursuant to an Order of the County Judge/Executive of Carroll County, which Order is on file in the County Court Order Books in the office of the Clerk of Carroll County, Kentucky. The District is now, and has been since its inception, regulated by the Commission, and all records and proceedings of the Commission with reference to the District are incorporated in this Application for reference. The District does not have any Articles of Incorporation due to the fact that it is a statutory entity.

KRS 278.300(2)

- 3) The governing body of the District is its Board of Commissioners which is a public body corporate, with power to make contracts in furtherance of its lawful and proper purpose as provided for in KRS 74.070 all applicable law and regulations.

807 KAR 5:001

Section 11(1) (a)

4) A general description of the District's water system property, together with a statement of the original cost, is contained in the District's Annual Report for 2011 which is on file with the Commission. The Annual Report is incorporated herein by reference.

Section 11(a) (b)

5) The District proposes to borrow funds from the Kentucky Infrastructure Authority ("KIA") in cooperation with the City of Carrollton as described in the Interlocal Agreement between said entities as stated in Exhibit "A". In the estimated total \$1,850,270 principal amount of the KIA loan, approximately \$472,013 will be loaned to the District for replacement of aging infrastructure, i.e. main water lines, extension of service to unserved customers, and improvement of water service to underserved customers. The KIA loan is for a term of 30 years and bears an annual interest rate of 1.0% and 0.25% administrative fee. The District's total cost for this project is \$868,097, terms of the loan include principal forgiveness of 35%, and the district will be using \$92,250 of depreciation reserve funds to offset project costs as well. Therefore, the District's principal portion of the total project will be approximately \$472,013.

Section 11(1) (c)

6) The Sources and Uses of Funds to be obtained from the issuance of the KIA Loan are detailed as Exhibit B, which is attached hereto and incorporated herein by reference.

807 KAR 5:001

Section 11(1) (d)

7) The District will need to purchase additional land for expansion of one booster pump station and construction of a new booster pump station.

8) The financial schedules and information necessary for the Financial Exhibit required by 807 KAR 5:001, Section 6 and Section 11 (2) (a) are contained in the 2011 Annual Report which is on file with the Commission. The Annual report is incorporated herein by reference.

Section 11(2) (c)

9) Maps and plans of property to be acquired with these funds are attached in Exhibit "C".

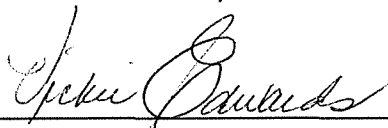
10) The detailed estimates by USOA account number are included on Exhibit "B".

11) The District hereby requests and moves for a deviation, pursuant to 807 KAR 5:001, Section 14, from the requirements of 807 KAR 5:001, Section 6, which requires that the financial data filed with the Application be for a twelve (12) month period ending within ninety (90) days of the filing of the application. The District states that there has been no change that is material in nature in the financial condition or operation of the District since December 31, 2011. The financial data filed with this Application is for the twelve (12) month period ending December 31, 2011. This is the most recent published financial data available.

12) The District plans to submit an application for a rate increase to the Commission at a later date.

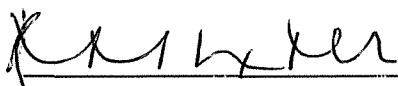
Respectfully submitted by:

West Carroll County Water District



Vickie Edwards, Chairperson
P O Box 45
Carrollton, KY 41008
(502) 732-7055

Crawford & Baxter, P.S.C.



Ruth H. Baxter
P.O. Box 353
Carrollton, KY 41008
(502) 732-6688

EXHIBIT "A"

RESOLUTION # R2012-08

INTERGOVERNMENTAL AGREEMENT BETWEEN
THE CITY OF CARROLLTON, KENTUCKY,
A CITY OF THE FOURTH CLASS,
AND THE WEST CARROLL WATER DISTRICT

WHEREAS, the City of Carrollton, Kentucky, by and through Carrollton Utilities ("CU"), is a public utility that provides water to customers in Carroll County, Kentucky; and,

WHEREAS, the West Carroll Water District ("WCWD") is organized under the provisions of KRS Chapter 74, as a provider of water to customers within its service territory in both Carroll and Trimble Counties, and purchases water and services through CU for that purpose; and,

WHEREAS, for the benefit of customers served by the City of Carrollton and West Carroll Water District improvements to their respective water systems are warranted; and,

WHEREAS, the City of Carrollton, Kentucky, and WCWD are submitting a regional project for the improvement of their respective water systems to the Kentucky Infrastructure Authority (KIA) (hereinafter "project") that is eligible for the most favorable KIA terms;

NOW THEREFORE, it is hereby agreed between the City of Carrollton, Kentucky, hereinafter referred to as "City", and the WCWD as follows:

1. The City and WCWD shall proceed to apply for the regional project with funding through KIA, and shall cooperate to provide all information required for said application;
2. The construction of the project shall likely be divided into multiple contracts, with the City and the WCWD each determining the nature and scope of the project as it affects

their respective water system operations. Engineering for the project shall be handled by one engineering firm to be selected jointly by the City and the WCWD.

3. To finance the project, the City shall be responsible to apply for and receive the KIA funding on a thirty (30) year amortization at the rate of 1% interest with at least a thirty percent (30%) principal forgiveness in an amount estimated at \$1,850,270.00. Funding obtained by the City shall be utilized to fund the project, with the funding being allocated between multiple construction contracts in accordance with actual expenses incurred for construction on each contract pro rata, with a similar percentage assigned to each entity for the cost of engineering services which cost is also to be divided between them pro rata. The WCWD pro rata share is estimated to be \$868,097.25 and shall not be exceeded without approval of the WCWD. If bids for the project result in a pro rata share for WCWD in excess of \$868,097.25, WCWD may reduce the scope of project to achieve a pro rata share that is acceptable to the WCWD. Likewise, CU may reduce the scope of the project to achieve a pro rata share that is acceptable to CU. Nothing shall restrict CU or WCWD from utilizing other funding sources to meet shortfall in KIA funding or to reduce the KIA pro rata share.

4. WCWD will pay to the City a semi-annual payment for a period equal to the years of the debt incurred by the City to cover its proportionate share of the final debt service for its portion of the project with said payments to begin on the same year as the City is required to begin paying the debt following construction of the project.

5. WCWD will retain sole authority to identify the nature and scope of its portion of the project, and shall be allowed to reject any contract proposals, and/or resubmit the project for bid and/or restructure the project as it sees fit.

6. The City will retain sole authority to identify the nature and scope of its

portion of the project, and shall be allowed to reject any contract proposals, and/or resubmit the project for bid and/or restructure the project as it sees fit.

7. Both parties acknowledge that in the event either party withdraws from the project, then it understands that KIA may withdraw its funding of the project;

8. This Intergovernmental Agreement is subject to the review and approval of the Kentucky Public Service Commission, and its approval of the project, WCWD's application for indebtedness and for a proposed rate increase necessary to pay WCWD's proportionate share of the debt service obligated by the City, and a certificate of convenience and necessity to go forward with the project..

9. The City and WCWD agree to sign such documents as may be required to effectuate the terms and conditions of this Agreement.

10. In the event that funding from KIA is not received on the rates and terms set forth herein, then this Agreement will be rendered null and void.

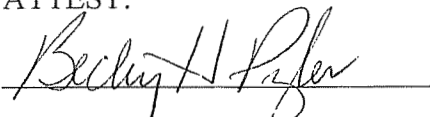
11. The parties hereto will not own any property jointly and no provision need be made for disposition of property upon termination hereof.

12. The term of this agreement is thirty years or until the indebtedness to the Kentucky Infrastructure Authority is paid in full, whichever is sooner.

DONE THIS THE 26th DAY OF MARCH 2012.

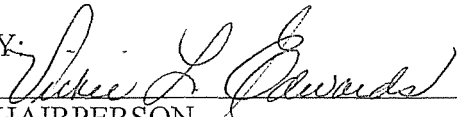

MAYOR
CITY OF CARROLLTON, KENTUCKY

ATTEST:


BECKY H. PYLES, CITY CLERK-TREASURER

BECKY H. PYLES, CITY CLERK-TREASURER

WEST CARROLL WATER DISTRICT

BY: 
CHAIRPERSON

ATTEST:

Secretary
Approved by the Department for Local Government

By: _____

Date: _____

Approved by the Kentucky Public Service Commission

By: _____

Date: _____

REGULAR MEETING OF THE BOARD

A regular meeting of the Commissioner of the West Carroll Water District, was held on Thursday, March 15, 2012, at 6:00 p.m., at the Carrollton Utilities office, 225 Sixth Street, Carrollton, Kentucky. Commissioners present included:

Vickie Edwards, David Pirtle,
Karen Lovins, and James Lucas

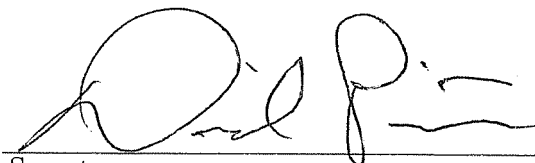
constituting a quorum.

Upon Motion duly made and carried, following discussion among the Board members, the following resolutions were adopted unanimously:

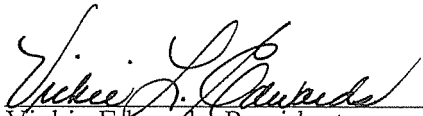
RESOLVED, that the West Carroll Water District ("District") sign the Interlocal Agreement ("Agreement") with the City of Carrollton, Kentucky, with the terms contained therein, as reviewed by the District and to submit the signed Agreement to the Kentucky Public Service Commission ("PSC") with all necessary documentation on behalf of the District, for approval; and,

RESOLVED FURTHER, that Chairperson, Vickie Edwards, is hereby authorized to execute and deliver the Interlocal Agreement, on behalf of the District, and such documents as may be required by the PSC for its approval of said Agreement.

There being no further business, the meeting was adjourned.


Secretary

ATTEST:


Vickie Edwards, President



OFFICE OF THE GOVERNOR
DEPARTMENT FOR LOCAL GOVERNMENT

Steven L. Beshear
Governor

1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
Phone (502) 573-2382
Fax (502) 573-2939
Toll Free (800) 346-5606
www.dlg.ky.gov

Tony Wilder
Commissioner

May 5, 2012

Hon. G. Edward James
James and Wells, P.S.C.
516 Highland Ave.
P.O. Box 373
Carrollton, KY 41008

RE: Interlocal Cooperation Agreement: ICA 12-023: City of Carrollton, West Carroll County
Water District: Infrastructure/Water

Dear Mr. James:

The Department for Local Government is in receipt of your request for approval the above referenced Agreement. The Department cannot approve the Agreement, as the statutory authority to approve agreements where an entity other than a city, county, charter county, urban-county government, or sheriff is a party falls solely to the Office of the Attorney General. By copy of this correspondence, I am forwarding the Agreement to the Office of the Attorney General for consideration. If you have any questions or comments, please contact me at (800) 346-5606.

Sincerely,

Andrew S. Hartley
Staff Attorney

Enclosures

Cc: Hon. Ryan Halloran, Office of the Attorney General



An Equal Opportunity Employer M/F/D

EXHIBIT "B"

Carroll County Fiscal Court Countywide Underserved Project
WX #21041304 Cost Summary Sheet

Item Description	Total Cost
<u>WTP Updates</u>	
Leopold Filtration	\$ 235,000.00
with Building Expansion	\$ 195,000.00
Prime rotary fan press	\$ 173,000.00
Plus extra money from KIA	\$ 75,533.00
WTP Updates - TOTAL	\$ 678,533.00

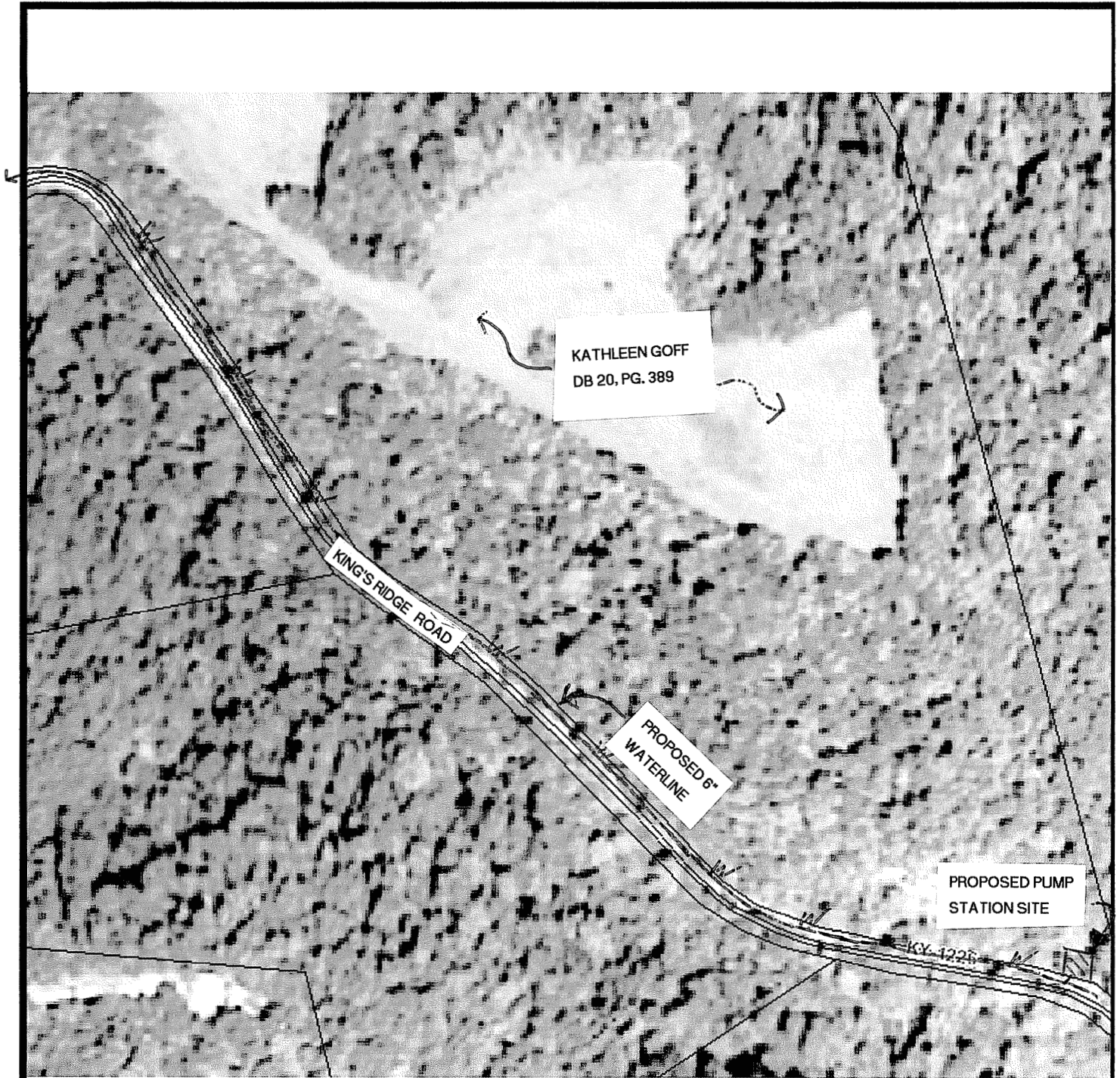
Lines and Booster Stations	PSC USOA #	Length of Extension (if applicable)	New Customers (if applicable)	Cost /Cust
Miller's Branch	256/257	2,500	3	\$ 27,198.08 4.0% \$ 9,066.03
Hardy Creek	256/257	2,300	3	\$ 26,320.00 3.9% \$ 8,773.33
Smith (Nora Lane)	256/257	2,500	2	\$ 21,560.00 3.2% \$ 10,780.00
Mound Hill	256/257	500	1	\$ 16,576.56 2.4% \$ 16,576.56
Painter's	256/257	7,000	2	\$ 51,822.40 7.6% \$ 25,911.20
Turkey Run	256/257	10,400	4	\$ 81,012.00 11.9% \$ 20,253.00
R. D. Kendall	256/257	3,300	3	\$ 42,291.20 6.2% \$ 14,097.07
General Butler Transmission		4,550	N/A	\$ 94,640.00
Gilgal Waterline Extension	256	5,940	N/A	\$ 49,287.76 7.2%
Gilgal Pump Station	251/311	N/A	N/A	\$ 50,000.00 7.3%
King's Ridge waterline extension	256	15,200	N/A	\$ 220,304.00 32.2%
King's Ridge booster pump station	251/311	N/A	N/A	\$ 65,000.00 9.5%
SCADA	256	N/A	N/A	\$ 32,000.00 4.7%
Lines and Booster Stations - TOTAL				\$ 778,012.00 100.0%


West Carroll Debt Ar
Total Project Cost
Debt Forgiveness
RD Reserve
Loan Amount
Interest Rate
Term (years)
Mo Debt Service
Mo Cost/Customer
Yr Debt Service


Sub-Total	\$1,456,545.00
Construction Contingency 10%	\$145,655.00
Engineering Prelim. & Design (Budget)	\$131,370.00
Engineering Fees (Other, Budget)	\$5,000.00
Construction Monitoring (Budget)	\$85,700.00
Administrative Expenses	\$26,000.00
Total Project Cost - Pre Bid	\$1,850,270.00

WCWD share	CU share	
\$68,337.43	\$77,317.57	
\$61,635.29	\$69,734.71	
\$2,345.87	\$2,654.13	
\$40,208.15	\$45,491.85	
\$12,198.51	\$13,801.49	Construction
WCWD Portion of Total = \$		\$ 683,372.00
CU Portion of Tot = \$		\$773,173.00
		\$ 1,456,545.00

EXHIBIT "C"



 PROPOSED 30' X 30'
PUMP STA. SITE

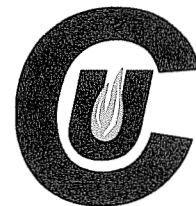
 PROPOSED 6"
WATERLINE

King's Ridge Booster

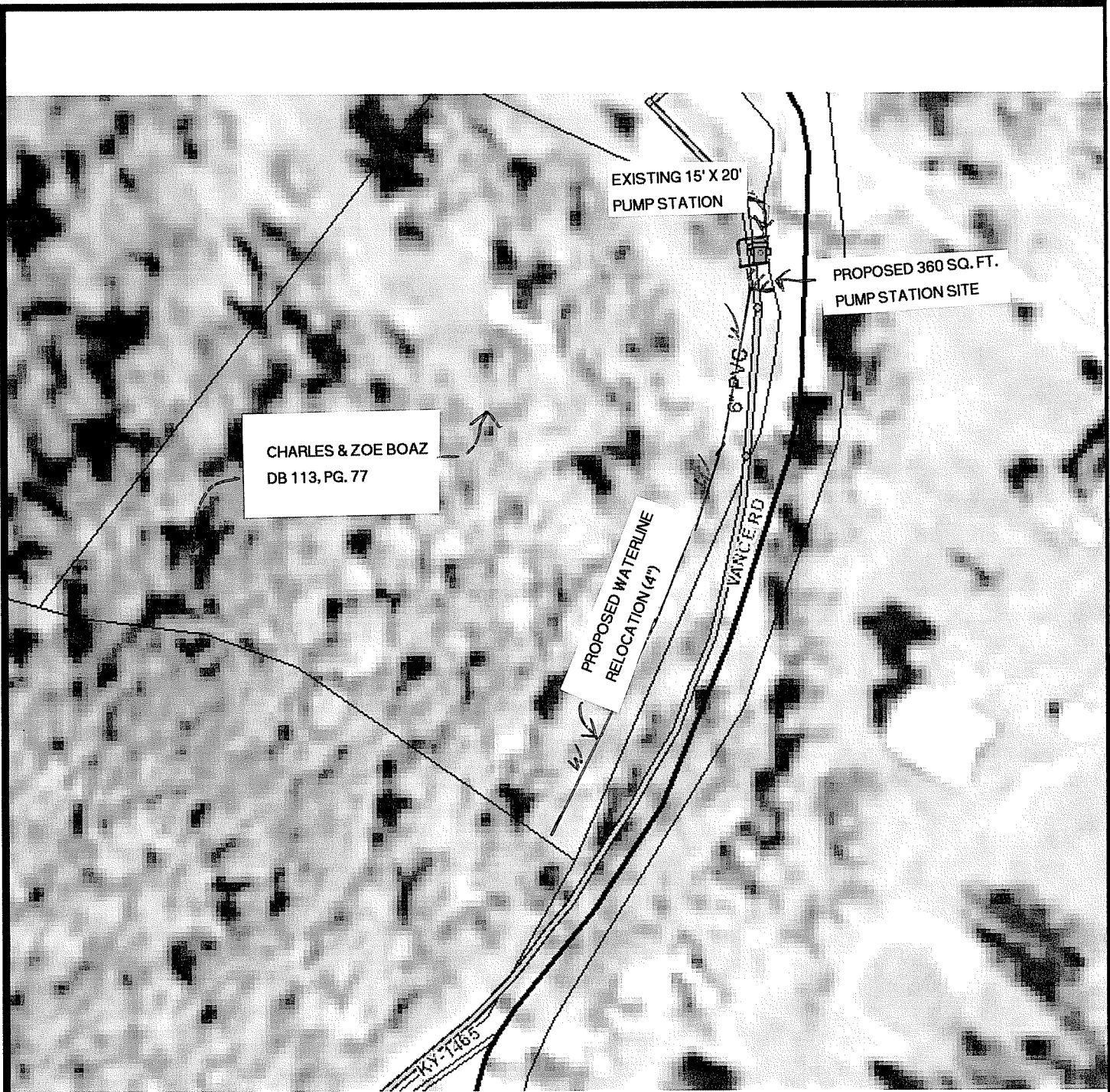
Pump Station

Layout

8/16/2012



Scale: 1 inch = 200 feet



CHARLES & ZOE BOAZ
DB 113, PG. 77

EXISTING 15' X 20'
PUMP STATION


PROPOSED 360 SQ. FT.
PUMP STATION SITE

PROPOSED WATERLINE
RELOCATION (4")

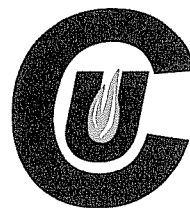
6" PVC

VAN CERC

KY-7465

 PROPOSED 360 SQ. FT.
PUMP STATION SITE

Gilgal Booster
Pump Station
Layout
8/16/2012



Scale: 1 inch = 100 feet