

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION INTO THE PROPOSED WATER)
SUPPLY AGREEMENT BETWEEN FRANKFORT) CASE NO. 2013-00250
ELECTRIC AND WATER PLANT BOARD AND)
SOUTH ANDERSON WATER DISTRICT)

ORDER

On October 25, 2012, Frankfort Electric and Water Plant Board (“Frankfort Plant Board”) filed through the Commission’s Tariff Filing System a copy of a contract between Frankfort Plant Board and South Anderson Water District (“South Anderson”) dated October 23, 2012 (“Contract”). Under the terms of the Contract, Frankfort Plant Board will supply water to South Anderson for 42 years, and South Anderson will purchase a minimum of 5,000,000 gallons per month computed on an annual basis. Pursuant to the Contract, South Anderson agrees to advance Frankfort Plant Board \$242,264 to aid in construction of improvements to Frankfort Plant Board’s system. The Contract is silent regarding what specific improvements will be made to Frankfort Plant Board’s system.

The Commission initiated a proceeding on July 3, 2013, to investigate the reasonableness and lawfulness of the Contract and to determine whether the Contract was an evidence of indebtedness under KRS 278.300 which would require South Anderson to obtain Commission approval prior to execution of the Contract.

On September 12, 2014, the Commission issued an Interim Order indicating that:

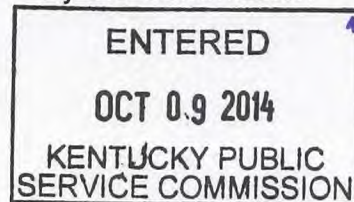
Contracts and amendments to contracts for the resale of water by a city-owned utility to a Commission-regulated water utility shall be filed by the seller with the Commission pursuant to KRS 278.200, but the Commission-regulated water utility need not obtain approval as an evidence of indebtedness under KRS 278.300 of any minimum purchase requirement in such a contract or amendment.

The Commission's September 12, 2014 Order required the parties to provide an itemization of the proposed use of the \$242,264 being advanced by South Anderson to Frankfort Plant Board. On September 23, 2014, Frankfort Plant Board filed documentation indicating that the \$242,264 is for construction of a 500-gallon-per-minute booster pump station requested by its customer, South Anderson.

Having reviewed the documentation provided by Frankfort Plant Board, the Commission finds that the Contract should be approved.

IT IS THEREFORE ORDERED that the October 23, 2012 contract between Frankfort Plant board and South Anderson is approved.

By the Commission



ATTEST:



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