

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE JESSAMINE COUNTY)	
WATER DISTRICT NO. 1 FOR A CERTIFICATE OF)	CASE NO.
PUBLIC CONVENIENCE AND NECESSITY TO)	2015-00127
CONSTRUCT, FINANCE AND INCREASE RATES)	
PURSUANT TO KRS 278.023)	

ORDER

Jessamine County Water District No. 1 ("JCWD") has applied to the Commission for a Certificate of Public Convenience and Necessity ("CPCN") to construct a waterworks improvement project, for approval of its plan to finance the proposed project, and for an increase of water rates. JCWD's application met the minimum filing requirements of KRS 278.023 on April 20, 2015.

This project consists of the construction and installation of a 1 million-gallon elevated water storage tank, booster pump station, supervisory control and data acquisition ("SCADA") system and all related appurtenances.¹ The proposed project will provide JCWD with an adequate water supply for improved quality of water service to its existing customers and for the planned growth and development in its service area.² The total cost of the project, including legal, administrative, development, and engineering costs, plus interest and contingencies, is \$3.6 million.³

¹ Application at 1.

² Preliminary Engineering Report, Proposed Project, p. 4.

³ Final Engineering Report, p. 1.

JCWD proposes to finance the proposed construction with the proceeds of the issuance and sale of \$1,345,000 of its Waterworks Revenue Bonds consisting of \$945,000 of Series A Bonds and \$400,000 of Series B Bonds to Rural Development ("RD"), an agency of the U.S. Department of Agriculture; a Kentucky Infrastructure Authority grant in the amount of \$1.95 million; and an applicant contribution in the amount of \$305,000. The proposed Series A and Series B Bonds will mature over a 40-year period with an interest rate not to exceed 3.375 percent per annum for Series A Bonds and an interest rate of 3.50 percent per annum for Series B Bonds.

The Commission notes that JCWD's Notice of Proposed Rate Change⁴ listed the monthly rates that were in effect prior to July 15, 2013 as the current rates. The rates increased by \$0.10 per 1,000 gallons effective July 15, 2013. Under the proposed rates, the monthly bill of a residential water customer who uses 5,000 gallons of water will increase from \$32.75⁵ to \$41.20, or approximately 25.8 percent.

JCWD has submitted its application pursuant to KRS 278.023. Notwithstanding KRS 278.020(1), KRS 278.180, KRS 278.190, and KRS 278.300, KRS 278.023 requires the Commission to accept agreements between water districts and RD regarding construction projects and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements.

KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of the agreement between RD and JCWD, or to defer the

⁴ Application, Exhibit D.

⁵ Pursuant to the rates that became effective on July 15, 2013, as approved in Case No. 2013-00222, *Purchased Water Adjustment Filing of Jessamine County Water District No. 1* (Ky. PSC July 1, 2013).

issuance of all necessary orders to implement the terms of that agreement. It further denies the Commission any authority to reject an application when the evidence of record indicates that a water district's proposed facilities will result in the wasteful duplication of facilities or excessive investment or its proposed rates are unfair, unjust, or unreasonable. The Commission, therefore, is not able to review this application using the same standards that are used for applications that are not filed pursuant to KRS 278.023.

IT IS THEREFORE ORDERED that:

1. JCWD is granted a CPCN for the proposed construction project.
2. JCWD's proposed plan of financing is approved.
3. JCWD is authorized to issue \$1,345,000 of its Waterworks Revenue Bonds consisting of \$945,000 of Series A Bonds and \$400,000 of Series B Bonds maturing over 40 years at an interest rate not exceeding 3.375 percent per annum for Series A Bonds and an interest rate of 3.50 percent per annum for Series B Bonds.
4. The proceeds from the proposed bond issuance shall be used only for the purposes specified in JCWD's application.
5. JCWD shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.
6. Notwithstanding ordering paragraph 5, if surplus funds remain after the approved construction has been completed, JCWD may use such surplus to construct additional plant facilities if RD approves of the use and the additional construction will not result in a change in JCWD's rates for service. JCWD shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 4.

7. JCWD shall file with the Commission documentation of the total costs of this project, including the cost of construction and all other capitalized costs (e.g., engineering, legal, and administrative) within 60 days of the date that construction is substantially completed. Construction cost shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

8. JCWD shall file a copy of the “as-built” drawings and a certified statement from the engineer that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of substantial completion of the construction certified herein.

9. JCWD shall require the construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

10. JCWD shall notify the Commission in writing one week prior to the actual start of construction and at the 50 percent completion point.

11. The rates set forth in the Appendix to this Order are approved for service that JCWD renders on and after the date of this Order.

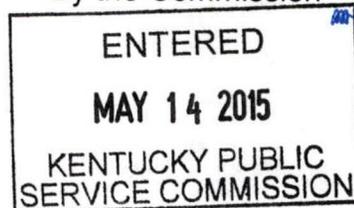
12. Within 20 days of the date of this Order, JCWD shall file revised tariff sheets with the Commission, using the Commission’s electronic Tariff Filing System, containing the rates set forth in the Appendix to this Order.

13. Any documents filed in the future pursuant to ordering paragraphs 7, 8, and 10 of this Order shall reference this case number and shall be retained in the utility's general correspondence file.

14. The Executive Director is delegated authority to grant reasonable extensions of time for filing of any documents required by this Order upon JCWD's showing of good cause for such extension.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2015-00127 DATED **MAY 14 2015**

The following rates and charges are prescribed for the customers in the area served by Jessamine County Water District No. 1. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

5/8-Inch Meter

First	3,000 gallons	\$ 28.00	Minimum bill
Next	7,000 gallons	6.60	per 1,000 gallons
Over	10,000 gallons	6.38	per 1,000 gallons

1-Inch Meter

First	5,000 gallons	\$ 41.20	Minimum bill
Next	5,000 gallons	6.60	per 1,000 gallons
Over	10,000 gallons	6.38	per 1,000 gallons

1 1/2-Inch Meter

First	10,000 gallons	\$ 74.20	Minimum bill
Over	10,000 gallons	6.38	per 1,000 gallons

2-Inch Meter

First	20,000 gallons	\$ 138.00	Minimum bill
Over	20,000 gallons	6.38	per 1,000 gallons

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