

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF JESSAMINE-SOUTH	)	
ELKHORN WATER DISTRICT TO FINANCE AND	)	
APPROVE WATERWORKS IMPROVEMENT	)	CASE NO.
PROJECT PURSUANT TO KRS 278.300	)	2015-00397

ORDER

Jessamine-South Elkhorn Water District (“JSEWD”) has applied for Commission approval of its financing arrangement to fund the construction of a 750,000-gallon elevated water storage tank off Catnip Hill Road (“Water Tank Project”).<sup>1</sup> By this Order, we grant JSEWD the authority to enter into a loan obligation with the Kentucky Rural Water Finance Corporation (“KRWFC”).

Having reviewed JSEWD’s application and being otherwise sufficiently advised, the Commission finds that:

1. JSEWD, a water district organized under KRS Chapter 74, provides retail water service to approximately 2,810 customers in Jessamine County, Kentucky.<sup>2</sup> JSEWD also operates a sewer collection system that serves approximately 641 customers in Jessamine County.<sup>3</sup>

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<sup>1</sup> Application at 1.

<sup>2</sup> *Annual Report of Jessamine-South Elkhorn Water District (Water Division) to the Kentucky Public Service Commission for the Year Ended December 31, 2014* at 12 and 53.

<sup>3</sup> *Annual Report of Jessamine-South Elkhorn Water District (Sewer Division) to the Kentucky Public Service Commission for the Year Ended December 31, 2014* at 9 and 25.

2. By its Order entered on August 3, 2015, in Case No. 2014-00084,<sup>4</sup> the Commission: (1) granted JSEWD a Certificate of Public Convenience and Necessity to construct the Water Tank Project; (2) dismissed JSEWD's financing application without prejudice; and (3) ordered JSEWD to submit a new financing application within 120 days from the date of the Order.

3. On December 1, 2015, JSEWD tendered its application for Commission authorization to enter into a KRWFC loan obligation whose proceeds would be used to fund the construction of the Water Tank Project. Due to deficiencies in the application, the Commission did not accept the application for filing until December 14, 2015.<sup>5</sup>

4. The total cost of the Water Tank Project, including construction, engineering, materials, and contingencies, is approximately \$1,921,766.<sup>6</sup>

5. JSEWD intends to finance the Water Tank Project with a Kentucky State Grant (HB 608-229N-2008) in the amount of \$1,000,000, three legislative grants (355N-2007, 356N-2007, and 357N-2007) totaling \$440,000, internal cash funds of \$11,766, and the proceeds from the proposed KRWFC loan of \$470,000.<sup>7</sup>

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<sup>4</sup> Case No. 2014-00084, *Application of Jessamine-South Elkhorn Water District for a Certificate of Public Convenience and Necessity to Construct and Finance a Waterworks Improvement Project Pursuant to KRS 278.020 and 278.300* (Ky. PSC Aug. 3, 2015).

<sup>5</sup> JSEWD's application failed to comply with the provisions of 807 KAR 5:001, Section 18(2). The Commission notified JSEWD of this failure by letter on December 9, 2015. On December 14, 2015, JSEWD filed supplemental information to correct this failure. On December 23, 2015, the Commission notified NKWD that its application met the minimum filing requirements and was deemed filed as of December 14, 2015.

<sup>6</sup> Application, Exhibit A, Final Engineering Report Catnip Hill Pike 0.75 MG Elevated Storage Tank, Project #4049, at 2.

<sup>7</sup> *Id.* at 2–3, and Exhibit C, November 24, 2015 KRWFC letter, Sources and Uses.

6. JSEWD's proposed KRWFC loan of \$470,000 will have a 15-year term, with annual interest rates that will vary from 1.95 percent to 3.8 percent per annum.<sup>8</sup>

7. JSEWD's proposed KRWFC loan is for a lawful object within its corporate purpose, is necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair JSEWD's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. JSEWD is authorized to enter into the loan agreement with KRWFC to borrow no more than \$470,000, with a term of 15 years and annual interest rates that vary from 1.95 percent to 3.8 percent per annum.

2. If the actual terms and conditions of the agreement with KRWFC differ from those set forth in its application, JSEWD shall, within 30 days of executing the loan agreement, file with the Commission loan amortization schedules.

3. Within 30 days of executing the proposed agreement, JSEWD shall file a written statement with the Commission setting forth the date on which the agreement was entered, the actual interest rates, and the principal amount.

4. The proceeds from the KRWFC loan authorized herein shall be used only for the lawful purposes specified in JSEWD's application.

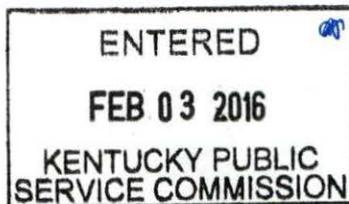
5. Any documents filed pursuant to ordering paragraphs 2 and 3 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

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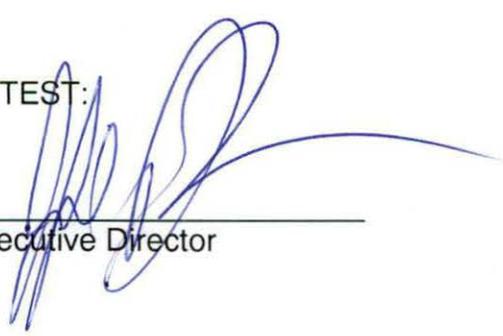
<sup>8</sup> *Id.*, Exhibit C, Loan Amortization Schedule.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

By the Commission



ATTEST:

  
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Executive Director

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