

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AMENDED APPLICATION OF GRANT COUNTY)	
SANITARY SEWER DISTRICT FOR APPROVAL)	CASE NO. 2012-00109
OF PROPOSED PLAN TO FINANCE)	
IMPROVEMENTS)	

ORDER

Grant Sanitary Sewer District ("Grant District") has applied for authority to enter into a loan agreement with the Kentucky Infrastructure Authority ("KIA") to borrow an amount greater than the Commission authorized in Case No. 2009-00488.¹ It seeks authorization from the Commission to borrow approximately \$133,178 more than originally authorized.

Having considered the evidence of record and being otherwise sufficiently advised,² the Commission finds that:

1. Grant District is a water district organized pursuant to KRS Chapter 74 and is subject to the Commission's jurisdiction.³

¹ Case No. 2009-00488, *Application of the Grant County Sanitary Sewer District for a Certificate of Public Convenience and Necessity to Construct Proposed Sanitary Sewer Line Improvements and Approval of the Proposed Plan to Finance the Improvements* (Ky. PSC Feb. 1, 2010).

² On March 21, 2012, Grant District tendered its Application to the Commission. On April 6, 2012, Grant District supplemented its Application with additional documents. On April 12, 2012, the Commission permitted Grant District to deviate from the requirements of 807 KAR 5:001, Section 6, and ordered that Application as supplemented be considered filed as of that date. In response to a request from Commission Staff, Grant District provided additional information on May 11, 2012, regarding the circumstances that require an amendment of the original authorization to borrow funds. No person has sought intervention in this proceeding. The Commission has not received any objections or protest to the requested relief.

³ KRS 278.015.

2. Grant District owns and operates facilities that provide sewage collection and treatment services to approximately 1,416 customers in Grant County, Kentucky.⁴

3. On February 1, 2010, the Commission granted Grant District a Certificate of Public Convenience and Necessity to construct approximately 8,935 feet of 8-inch gravity sanitary sewer lines; 20,450 feet of sanitary sewer force mains; 7,751 feet of small diameter force mains; 6 lift stations; and 22 individual grinder pump stations.⁵ Grant District refers to this project as the "Phase I Waste Water Extension Project."

4. Grant District originally estimated that total cost of the proposed project, including construction cost, contingencies, and engineering and inspection fees, as \$1,925,000.⁶

5. Grant District proposed to fund the proposed project from the proceeds of a KIA grant in the amount of \$1,550,000; a \$45,000 contribution from Grant Mobile Home Park; an American Recovery and Reinvestment Act Federally Assisted Wastewater Revolving Loan Fund of \$300,000 to be administered by KIA; and a \$30,000 contribution from Grant District. The proposed KIA loan was to have a 20-year term at an interest rate of three percent per annum with a 52.1-percent principal forgiveness, for a loan reduction of \$156,300.⁷

⁴ *Annual Report of Grant County Sanitary Sewer District to the Public Service Commission for the Calendar Year Ending December 31, 2011* at 12.

⁵ Case No. 2009-00488, Order of Feb. 2, 2010 at 1.

⁶ *Id.* at 2.

⁷ *Id.*

6. In its Order of February 1, 2010, the Commission authorized Grant District to enter a loan agreement with KIA to borrow \$300,000.⁸

7. During the design phase of the proposed project, officials of the local electric utility advised Grant District that three-phase electric service was reasonably available to the main pumping station to be constructed near the Cincinnati South Campground on U.S. Highway 25 near Dry Ridge, Kentucky. Upon commencement of construction, Grant District learned that such service was not available and was required to bore under Interstate Highway 75 to bring such service to the main pumping station. The total cost of bringing electric power service to this main pumping station was \$120,000 greater than originally estimated.⁹

8. KIA has tentatively agreed to increase its loan to Grant District from \$300,000 to \$433,178 to cover the additional costs associated with the construction.

9. The revised KIA loan will have a 20-year term at an interest rate of three percent per annum with a 52.1-percent principal forgiveness, for a loan reduction of \$225,686 and an unforgiven principal balance of 207,492.¹⁰

10. Grant District's proposed loan agreement with KIA is for lawful objects within its corporate purpose, is necessary, appropriate for, and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

⁸ *Id.* at 3.

⁹ Letter from Thomas R. Nienabor, Counsel for Grant County Sanitary Sewer District, to Gerald Wuetcher, Commission Counsel (May 9, 2012).

¹⁰ Application, Ex. 13.

IT IS THEREFORE ORDERED that:

1. The record of Case No. 2009-00488 is incorporated by reference into the record of this proceeding.

2. The Commission's Order of February 1, 2010 is amended to authorize Grant District to borrow an aggregate amount not exceeding \$433,178 from KIA maturing over a 20-year period with an interest rate of three percent per annum for the purpose of funding the "Phase I Waste Water Extension Project."

3. The proceeds from the KIA loan shall be used only for the lawful purposes specified in Grant District's application.


4. Within 30 days of executing the proposed loan agreement with KIA, Grant District shall file with the Commission a copy of that agreement.

5. When the principal forgiveness of 52.1 percent, or \$225,686, is granted, Grant District shall debit the appropriate Long Term-Debt Account for the amount of the forgiveness and shall make a corresponding credit entry to Account 271—Contributions in Aid of Construction.

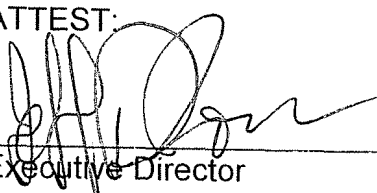
6. Any documents filed in the future pursuant to ordering paragraph 4 of this Order shall reference this case number and shall be retained in the utility's general correspondence file.

Nothing contained herein shall be deemed a warranty or a finding of value of the securities or the financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

By the Commission

ENTERED 
JUN 12 2012
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Honorable Thomas R Nienaber
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