

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NEBO WATER DISTRICT )  
FOR AUTHORITY TO ENTER INTO A LOAN ) CASE NO. 2012-00483  
AGREEMENT WITH THE KENTUCKY )  
INFRASTRUCTURE AUTHORITY )

ORDER

Nebo Water District ("Nebo District") has applied to the Commission for approval to enter into an Assistance agreement with Kentucky Infrastructure Authority ("KIA") to borrow approximately \$92,000.<sup>1</sup>

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

1. Nebo District, a water district organized pursuant to KRS Chapter 74, owns and operates facilities that distribute water to 1,567 customers in Hopkins County, Kentucky.<sup>2</sup>

2. Nebo District proposes to execute an assistance Agreement with KIA to borrow an amount not to exceed \$92,000. The proposed loan must be paid over a 20-

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<sup>1</sup> Nebo District tendered its Application to the Commission on November 2, 2012 and on November 20, 2012, supplemented that Application. In its Application, Nebo District requested a deviation from 807 KAR 5:001, Section 11(2)(a). On December 4, 2012, the Commission granted this request and accepted the Application for filing. No person or entity has sought intervention in this proceeding.

<sup>2</sup> *Annual Report of Nebo Water District to the Public Service Commission for the Calendar Year Ended December 31, 2011* at 5 and 27.

year term with an interest rate of 2 percent per annum. A loan servicing fee equal to 2 percent of the loan's outstanding balance will be due with each interest payment.<sup>3</sup>

3. The loan proceeds will be used to add mixing systems to two water storage facilities.<sup>4</sup> These systems are necessary to meet future residual and turnover requirements set forth in Stage 2 Disinfectants and Disinfectant Byproducts Rule.<sup>5</sup>

4. The proposed Assistance Agreement is for a lawful object within Nebo District's corporate purpose, is reasonably necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair Nebo District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Nebo District is authorized to enter into the proposed Assistance Agreement with KIA to borrow no more than \$92,000 to be repaid over a 20-year period at a 2 percent annual rate of interest.

2. The proceeds from the Assistance Agreement shall be used only for the lawful purposes specified in Nebo District's application.

3. Within 30 days of executing the proposed Assistance Agreement, Nebo District shall file a copy of the executed Assistance Agreement and any documents referenced in the executed Assistance Agreement that Nebo District has not previously filed with the Commission.

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<sup>3</sup> App. Ex. B.

<sup>4</sup> App. ¶ 5. To secure a favorable bid, Nebo District has used existing general funds to acquire and install the mixing systems. The proposed loan will replenish these funds. App. ¶ 14.

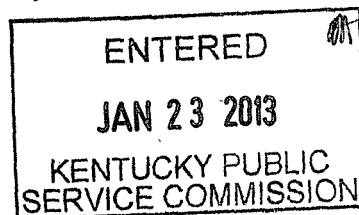
<sup>5</sup> See 71 Fed. Reg. 388 (Jan. 4, 2006).

4. The proceeds from the Assistance Agreement shall be used only for the lawful purposes specified in Nebo District's application.

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

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

John Herring  
Pennyrile Area Development District  
300 Hammond Drive  
Hopkinsville, KENTUCKY 42240