



Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Linda Breathitt  
Commissioner

March 7, 2014

## PARTIES OF RECORD

Re: Case No. 2014-00053  
Application of West Carroll Water District for Approval of Interlocal Agreements  
and for Authority to Authorize the Execution of a Note for this Project

Attached is a copy of the memorandum that has been filed in the record of the above-referenced case. Any comments regarding this memorandum's contents should be submitted to the Commission within five days of receipt of this letter. Any questions regarding this memorandum should be directed to Ann Ramser, Commission Staff Attorney, at (502) 782-2585.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director


AR/kar  
Attachment

cc: Parties of Record

**INTRA-AGENCY MEMORANDUM**

**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case File - Case No. 2014-00053

**FROM:** Ann Ramser, Staff Attorney 

**DATE:** March 5, 2014

**RE:** Case No. 2014-00053  
Application of West Carroll Water District for Approval of Interlocal Agreements and for Authority to Authorize the Execution of a Note for this Project.

On February 27, 2014, I spoke with Ruth Baxter, attorney for West Carroll Water District ("WCWD") and Carroll County Water District #1, regarding the application filed on February 19, 2014, and the term of the Kentucky Infrastructure Authority ("KIA") loan.

Included with WCWD's application is a copy of the May 2, 2013 KIA Conditional Commitment Letter and a copy of the Intergovernmental Agreement Between the City of Carrollton, Kentucky, a City of the Fourth Class, and the West Carroll Water District ("Intergovernmental Agreement"). The Office of Attorney General approved the Intergovernmental Agreement on January 14, 2014.

The application and Intergovernmental Agreement both indicate the KIA loan is for a 20 year term. The KIA Conditional Commitment Letter states the loan is to be repaid over a period not to exceed 30 years.

Ms. Baxter indicated she would research the issue and let me know the correct term length.

On March 4, 2014, I telephoned Ms. Baxter but she was out of the office. I spoke with her assistant, Debbie. Debbie indicated that an amended application was being prepared indicating that the KIA loan would be for 30 years. I told her the amended application would not resolve the statements in the Intergovernmental Agreement. Debbie indicated she would have Ms. Baxter return the call.

Ms. Baxter called me on March 5, 2014. She explained that the KIA loan was for 30 years but that WCWD wanted to repay their portion of the loan in 20 years because the monthly payment for the 20 year amortization schedule is only \$98 more than the monthly payment for a 30 year amortization schedule.

Paragraph 3 of the Intergovernmental Agreement states that "the City [of Carrollton] shall be responsible to apply for and receive the KIA funding on a twenty (20)

year amortization . . . .” Paragraph 10 states “In the event that funding from KIA is not received on the rates and terms set forth herein, then this Agreement will be rendered null and void.”

I informed Ms. Baxter that the Intergovernmental Agreement needs to be amended.

Based on the KIA Conditional Commitment Letter, the term of the loan is 30 years, not 20 years as indicated in paragraph 3 of the Intergovernmental Agreement. Pursuant to paragraph 10 of the Intergovernmental Agreement, the Intergovernmental Agreement is null and void.