

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REQUEST OF HENRY COUNTY WATER )  
DISTRICT #2 FOR APPROVAL OF ) CASE NO. 2014-00191  
INTERLOCAL AGREEMENT WITH THE )  
CITY OF CARROLLTON )

ORDER

On June 5, 2014, Henry County Water District #2 ("Henry District") filed for approval of an Interlocal Agreement between Henry District and city of Carrollton, Kentucky, by and through Carrollton Utilities ("City"). Under the terms of the Interlocal Agreement, Henry District agrees to incur debt with a repayment term of 30 years, but did not seek the Commission's authorization to incur the debt, as required by KRS 278.300.

Pursuant to the terms of the Interlocal Agreement, the City is responsible for applying for and receiving Kentucky Infrastructure Authority ("KIA") funding of \$963,931 on a 30-year amortization at the rate of 0.75 percent interest with 50 percent principal forgiveness. Henry District's portion of the loan is stated to be \$30,837.31, with semi-annual payments for the same number of years as the debt incurred by the City.

On July 1, 2014, this Commission issued an Order giving Henry District 20 days to file an application for authority to incur debt providing the information required by 807 KAR 5:001, Section 18. As of the date of this Order, Henry District has not tendered an application for authority to incur debt.

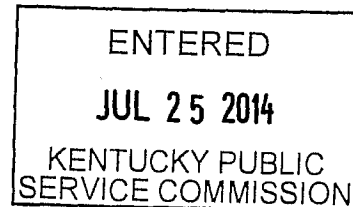
Under KRS 65.300 and KRS 65.260(2), the Commission has 60 days to approve the Interlocal Agreement. If the Commission does not disapprove the Interlocal Agreement within 60 days, the Interlocal Agreement is deemed approved.

Having reviewed Henry District's June 5, 2014 filing, the Commission finds the Interlocal Agreement should not be approved due to the failure to submit an application for authority to incur debt as required by KRS 278.300 and to provide the information as required by 807 KAR 5:001, Section 18.

IT IS THEREFORE ORDERED that:

1. The Interlocal Agreement tendered by Henry District on June 5, 2014, is disapproved without prejudice to its resubmission with a financing application and the information discussed in the findings above.
2. This case is hereby dismissed.

By the Commission



ATTEST:

*Casra D. Greenwell*  
Executive Director

Honorable D. Berry Baxter  
Attorney at Law  
Berry, Floyd & Baxter P.S.C. Attorneys at Law  
117 West Main Street  
LaGrange, KENTUCKY 40031